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A GRALLA PUBLICATION

FACTS, TRENDS, PRODUCTS, IDEAS FOR ALL GROCERY RETAILERS

SUPERMARKETING MEANS BUSINESS

A New Name . . . A New Look . . . Expanded Contents

28 of 50 Top Chains Net 1% in '78

The analysis, based on the publicly owned companies' annual reports, gives a strong indication that the top chains on the whole are moving out of the doldrums which have persisted throughout the industry for the past few years.

Consider profit margins, for example. In our previous study only 19 of the 50 chains that were analyzed posted margins higher than one percent. In 1978, 28 firms achieved that distinction.

Or, take total sales. In 1978, the 50 chains in SB's sample had total sales of $78.3 billion compared to $69.5 billion the previous year. The '78 total represents an increase of 12.7 percent. The previous year's increase, on the other hand, was a relatively modest 6.9 percent.

Even after taking inflation into account, last year's sales gain still works out to be a healthy two to three percent.

Continued on page 34

UPGRADED WAREHOUSE CAPABILITY IS GOAL of wholesalers such as Fleming Foods, as they put major effort into keeping up with the varied needs of retailers.

Wholesalers Report:

Limited Store Profit Key Is Tight Product Control

by Elise J. Marton, associate editor

ST. LOUIS—Developing a carefully selected and tightly controlled product assortment, and keeping close control of this line, is the major challenge—and the key to success—for wholesalers designing support programs for limited assortment stores.

A growing number of wholesalers are developing or considering such programs in an effort to remain responsive to the needs of food retailers, who have been eyeing limited formats with increasing interest of late.

In some cases, wholesalers have encouraged retailers to enter the limited assortment arena by setting up full-blown franchise programs. Others have responded on a more limited basis, by accommodating specific retailer requests for box-store support.

But even those wholesalers who haven't yet entered the limited-assortment support field are watching it closely, and most contacted by SUPERMARKET BUSINESS said they anticipate taking the plunge some time in the future.

Continued on page 46

Fit Tra ing To Em ees' Own F es

"If you couldn up discussion and w , how much of your tra would you have left?" h onnel directors at the re Marketing Institute Huma rces Conference.

"Yet these me are often less than effective wi ur employees."

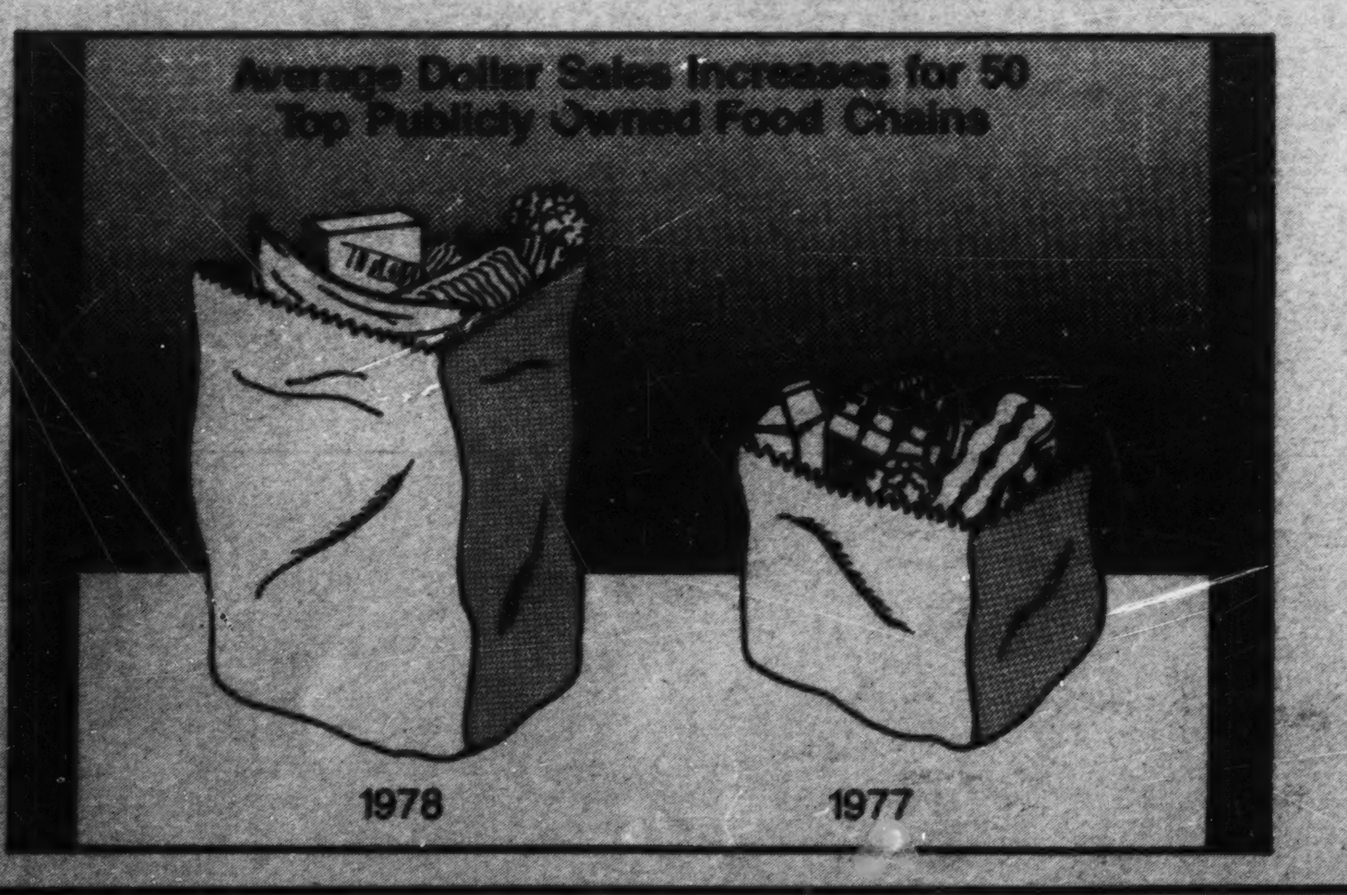
Why? Because many store-level people — and many managers who've come up from the stores — have learned from experience, rather than in a classroom.

"Most haven't been to college, for example," Delamontagne points out. These people often have a hard time relating lectures and manuals to reality, he says, and seldom retain what is taught by these methods.

"What we need in the retail sector are training approaches that fit the psychological profile of people in this business," Delamontagne asserts.

Interviews with several hundred su-

Continued on page 34


Average Dollar Sales Increases for 50 Top Publicly Owned Food Chains
1978
1977

Food Politics: FMI Show Focus

by Anne L. Krueger, field editor

WASHINGTON, D.C.—Everybody's increasing interest in policy- and decision-making on consumer and food issues; the energy outlook; export levels; political actions and legislation; and consumer nutrition demands—all play a part in establishing food prices, safety and supply.

So say sources—legislators, media men, agricultural and consumer experts, and retailers—preparing talks on these and related subjects for the third annual Food Marketing Institute's Fall conference.

Slated here for Oct. 14-16, conference sessions will analyze food and consumer issues from several angles:

- Effect of consumer and nutrition demands;
- Outlook of energy priorities for food distribution;
- Impact of national and international events and legislation on food future;
- Exploration of Carter's past performance and the impact of the upcoming presidential political scene.

At least one speaker is questioning current economic policies which he claims discourage productivity and increase already high inflation.

Other sessions will discuss industry trends including the extensive use of general merchandise to build supermarket profits and changing super-

Continued on page 13

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T.V. Price Comparisons: Debate Grows —Page 53

Supermarket Business

28 of 50 Top Chains Net 1% in '78

Fit Training To Employees' Own Profiles

Wholesalers Report

Limited Store Profit Key Is Tight Product Control

FMI Conference Examines Food Issues, Politics

Supermarket Business

PROFITABLE FACTS, TRENDS, IDEAS, PRODUCTS FOR THE GROCERY INDUSTRY

An Expanded Package of Profit-Building Ideas Reaching You Now . . . and in All Future Issues!!

Dear Reader:

Are your job, your responsibilities or your stores the same as they were seven years ago? No . . . they're probably tougher and more complex.

That's why we have continued to widen our scope over the years. Now we've made even more improvements, upgraded our appearance and changed our name to SUPERMARKET BUSINESS (formerly SUPERMARKETING). The improvements reflect the information and magazine you need now . . . and in the 1980's.

Productivity. Scanning. Security control. Energy conservation. People management. All have become "buzz words" in our business. Executives talk about them—workshops zero in on them. We'll "talk your language" and write about them.

Since 1972, when SUPERMARKETING joined the Gralla Publications family, we made a commitment to give you constant editorial coverage of the areas you're most interested in. We intend to continue that commitment and even expand upon it. Through outstanding consultants. Through features based on our own detailed research projects. Through exclusive material made available by our thirteen sister publications. Through a tabloid format that makes this information convenient and exciting to read.

Our parent company has always had a very strong "total business" orientation. So, it's not surprising that you have read about important and profitable facts, trends, ideas and products exclusively in our magazine. But now we think it's time for the name of our magazine to truly reflect our editorial position.

Beginning this month, meet SUPERMARKET BUSINESS!! To serve your varied needs, we have our largest editorial staff to date. Plus an array of well-known consultants with the experience and expertise that give you money-saving and money-making answers to today's questions . . . and tomorrow's!

SUPERMARKET BUSINESS will cover every aspect of your business—we'll talk your language—every month . . . from a profit-making viewpoint. Watch for our columnists, even more research, some very dramatic innovations in our annual Consumer Expenditures Studies . . . and lots more.

SUPERMARKET BUSINESS. We're dedicated to the future of your business.

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T.V. Price Comparisons: Debate Grows –Page 33

PROFITABLE FACTS, TRENDS, IDEAS, PRODUCTS FOR THE GROCERY INDUSTRY

Supermarket Business

. . . and you'll find more inside!

- **Meat inspector nabbed for theft —page30**
- **Forrester: Energy management systems—a ripoff? —page 40**
- **Diet food sales up as much as 50% —page 22**

OCTOBER 1979

28 of 50 Top Chains Net 1% in '78

by Bruce Buckley, editor

NEW YORK CITY—Growing efforts to boost productivity in the supermarket industry appear to be yielding some solid gains—at least among the top food store companies.

Total sales are up, for one thing, and so are profit margins. An analysis by SUPERMARKET BUSINESS of 50 leading chains shows average gross sales jumped 12.7 percent in 1978, while average profit margins rose to one percent.

The analysis, based on the publicly owned companies' annual reports, gives a strong indication that the top chains on the whole are moving out of the doldrums which have persisted throughout the industry for the past few years.

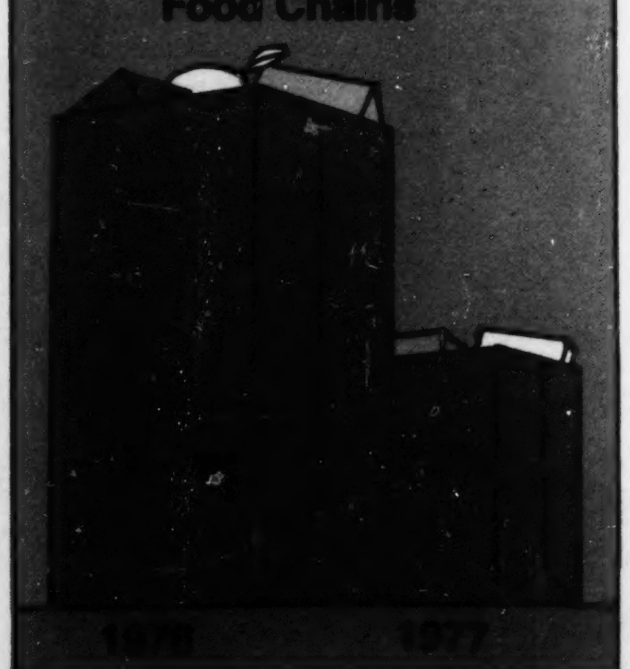
Consider profit margins, for example. In our previous study only 19 of the 50 chains that were analyzed posted margins higher than one percent. In 1978, 28 firms achieved that distinction.

Or, take total sales. In 1978, the 50 chains in SB's sample had total sales of $78.3 billion compared to $69.5 billion the previous year. The '78 total represents an increase of 12.7 percent. The previous year's increase, on the other hand, was a relatively modest 6.9 percent.

Even after taking inflation into account, last year's sales gain still works out to be a healthy two to three percent.

While the top companies were enjoying a real growth spurt, the industry as a whole showed little or no

Continued on page 25



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VOL. 10 NO. 31 A GRALLA PUBLICATION OCTOBER 1979

In this issue...

Food

Frozen Food Convention: Gen. Haig to Speak 16

Floral Seminar Unveils Fresh Flower Training Program 20

Diet Food Sales Increase Nearly 50 Percent 22

Hannaford Nabs Meat Inspector for Theft 30

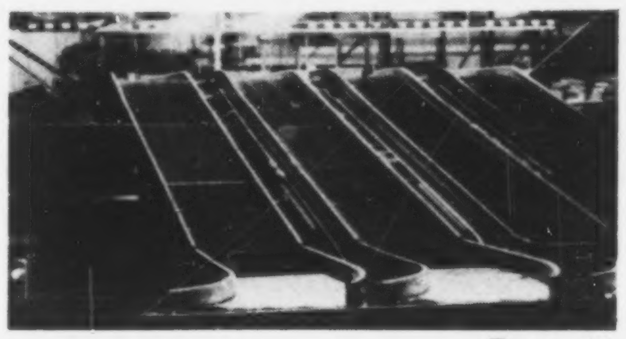
Page 30

General Merchandise

Sales Merchandisers Get More Training 11

Retailers Look to Diverters for 5-10 Percent of HBA 44

Automation Streamlines Sav-A-Stop Operations 48



Page 48

Operations

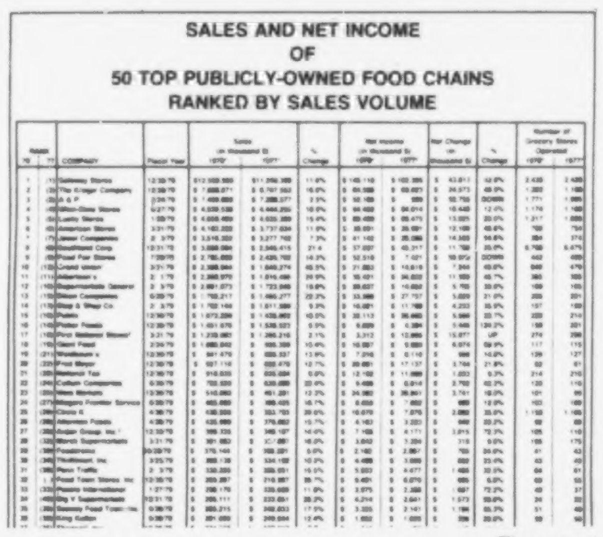
50 Top Chains Show Definite Growth Surge 1

Adapt Training to Employees' Traits 1

FMI Meet to Cover Inflation, Energy, Politics 1

Independents Tag Items Showing 10% Price Hikes 19

Cable TV Facilitates Comparison Shopping 33



SALES AND NET INCOME OF 50 TOP PUBLICLY-OWNED FOOD CHAINS RANKED BY SALES VOLUME

Page 1

Special Section

Wholesalers Develop Box Store Product Mix 1

DP Can Be Effective Warehouse Tool 50

Route Consolidation Helps Control Costs 52

NAWGA Conference to Explore Productivity 53

Page 1

Regular Columns

The Publisher's View 5

Meeting the Technology Challenge 36

Speaking About Meat 39

Profitable Store Engineering 40

About Labor Scheduling 42

Page 50

The Publisher's View

Supermarkets Still Little Fish In Big Housewares Market Pond

by Howard Rauch

You've all heard "good news and bad news" routines, and this column is starting out that way... but with a twist.

First, the bad news: When it comes to the housewares market supermarkets are still a little fish in a big pond.

Now the good news: When it comes to the housewares market, supermarkets are still a little fish in a big pond.

How can one situation reflect both good and bad tidings? It's good because there's plenty of expansion opportunity for supermarkets in housewares and other general merchandise.

It's bad because this expansion will probably come at some other retailer's expense...as opposed to strong market growth. This means that tooth-and-nail competition will intensify. And for supermarketers — who originally went the general merchandise route because of its profit potential — strong efforts to defuse such profits is definitely bad news.

I started thinking about this after reviewing studies recently released by two other magazines owned by Gralla Publications, SUPERMARKET BUSINESS' parent company.

The first has to do with the state of the housewares market, with prime emphasis on electrics. As you all know, we have started to make a more ambitious bid for small appliance sales in the past two or three years. So this research gives food retailers some idea of what they're up against.

The second report has to do with the state of the catalog showroom market. Remember catalog showrooms? Many grocery chains charged into this business a few years ago, but most have eased out since then. Meanwhile, showrooms have become a much stronger housewares force.

First, I'll give you some highlights from the housewares study just published by MERCHANDISING, a magazine Gralla acquired this year.

In kitchen electrics, supermarkets have three percent of retail volume in 1979, compared to two percent in 1978. Departments stores and discount stores have lost some market share to us and to drug stores. I cite drug stores because it is becoming apparent that we will be much more head-to-head with them in the future on food as well as general merchandise.

Incidentally, drug stores have five percent of kitchen electrics retail sales, compared to four percent last year.

Another interesting figure: supermarkets have eight percent of the microwave cookware/accessories volume. But we did dip down from 10 percent in 1978.

Let's shift to the personal category — curling irons, hair dryers, massagers, oral hygiene devices, shavers, styling combs, etc. According to the study, supermarkets aren't even on the map. In this retail pond, we are truly little fish.

On the other hand, I have heard that some personal care product suppliers have been toying with special supermarket programs. So stick around; this picture may change in the future.

Now let me shift for just a few seconds to catalog showrooms. If supermarkets are thinking electric housewares, they must contend with showrooms, which make a very strong consumer appeal on the basis of price.

According to the annual "Market Audit" prepared by CATALOG SHOWROOM BUSINESS, another Gralla publication, overall showroom volume will jump 21.9 percent in 1979, compared to 22.9 percent in 1978. All showrooms will do $7 billion this year, compared to $5.7 billion in 1978 and $1.03 billion in 1970.

By the end of 1979, there will 1,828 catalog shorooms across the country. The four largest catalogers — already operating 401 showrooms — will have opened 69 new units by year-end.

Housewares volume increased 6.8 percent in 1978 for survey respondents, with personal care volume up another 5.3 percent. Now, listen to this figure. Health and beauty aids volume increased 10.5 percent! Just more evidence that there's competition in every corner.

Space doesn't allow me to review fully the above two studies. But if you are interested in receiving copies of the MERCHANDISING and CATALOG SHOWROOM BUSINESS reports, drop me a note.

I think you'll find the data to be very useful. ●

Supermarket Business

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THE 10 BIGGEST GAINERS IN EARNINGS

(Greatest dollar increases)
(000)

Chain[1]	Earnings 1978*	Earnings 1977*	Net Increase In Earnings
Safeway Stores	$146,118	$102,305	$43,813
The Kroger Company	84,596	60,023	24,573
Jewel Companies	41,142	26,586	14,556
Lucky Stores	80,400	66,475	13,925
American Stores	38,091	25,991	12,100
Southland Corp.	57,097	45,317	11,780
Albertson's	36,421	24,832	11,589
Winn-Dixie Stores	94,462	84,014	10,448
Grand Union	21,863	14,619	7,244
Giant Food	16,957	9,983	6,974

*Latest year reported by Aug. 1 of following year.
[1] Includes only those companies who reported no losses in either year.

THE 10 BIGGEST GAINERS IN SALES

(Greatest dollar increases)

Chain	Sales (000) 1978*	Sales (000) 1977*	Increase In Sales (000)
Safeway Stores	$12,550,569	$11,249,398	$1,301,171
The Kroger Company	7,828,071	6,747,553	1,080,518
Grand Union	2,398,944	1,649,274	749,670
Lucky Stores	4,658,409	4,035,369	623,040
Southland Corp.	3,090,094	2,545,415	544,679
Winn-Dixie Stores	4,930,538	4,444,255	486,283
Albertson's	2,268,970	1,816,495	452,475
American Stores	4,183,222	3,737,634	445,558
Food Fair Stores	2,785,899	2,436,702	349,197
Supermarkets General	2,061,873	1,723,946	337,927

*Latest fiscal year reported by Aug. 1 of following year.

50 Top Chains Show Definite Growth Surge

■*Continued from page 1*

growth. A comparison of the leading chains' figures with the numbers reported in last month's Consumer Expenditures Study gives clear evidence that the top chains outperformed not only all other grocery story companies but the entire industry as well.

The CES reported, for example, that 1978's total grocery store sales in 1978 amounted to $162.6 billion, an increase of 9.8 percent over 1977's sales. Because of inflation, however, real growth was negligible. On the other hand, as noted above, the 12.7 percent sales increase for the 50 chains in SB's study represents a definite growth surge.

Chains Show Resurgence

Further evidence that the leading chains had a resurgence last year can be found in the following:

- Forty five of the 50 chains (90 percent) reported growth in both gross sales and net income.

Forty-five of the 50 chains reported growth in both gross sales and net income.

- Thirty eight companies (76 percent) showed an increase in their margin of profit.
- Twenty nine firms (58 percent) reported that they were operating more stores in 1978 than in 1977.

The top chains' increase in profit margin from .95 percent to one percent is small but significant, considering that the profit figures were pulled down by some fairly heavy losses, including A&P ($52.2 million) and Food Fair Stores ($52.5 million).

Leading the pack in profit margins again was Weis Markets. The company's net income as a percentage of sales in 1978 was 4.75 percent, up from 4.52 percent in 1977. Other top profit-makers include Food Town Stores, Inc., with a margin of 3.17 percent; Circle K ($2.43 percent); Fred Meyer (2.25 percent); and Publix (1.92 percent).

■*Continued on page 27*

SALES AND NET INCOME OF 50 TOP PUBLICLY-OWNED FOOD CHAINS RANKED BY SALES VOLUME

RANK				Sales (in thousand $)		%	Net Income (in thousand $)		Net Change (in thousand $)	%	Number of Grocery Stores Operated	
'78	'77	COMPANY	Fiscal Year	1978*	1977*	Change	1978*	1977*		Change	1978*	1977*
1	(1)	Safeway Stores	12/30/78	$12,550,569	$11,249,398	11.6%	$ 146,118	$ 102,305	$ 43,813	42.8%	2,436	2,428
2	(3)	The Kroger Company	12/30/78	$ 7,828,071	$ 6,747,553	16.0%	$ 84,596	$ 60,023	$ 24,573	40.9%	1,202	1,188
3	(2)	A & P	2/24/79	$ 7,469,659	$ 7,288,577	2.5%	$ −52,186	$ 569	$ −52,755	DOWN	1,771	1,905
4	(4)	Winn-Dixie Stores	6/27/79	$ 4,930,538	$ 4,444,255	10.9%	$ 94,462	$ 84,014	$ 10,448	12.4%	1,174	1,168
5	(5)	Lucky Stores	1/28/79	$ 4,658,409	$ 4,035,369	15.4%	$ 80,400	$ 66,475	$ 13,925	20.9%	1,317	1,026
6	(6)	American Stores	3/31/79	$ 4,183,222	$ 3,737,634	11.9%	$ 38,091	$ 25,991	$ 12,100	46.6%	760	754
7	(7)	Jewel Companies	2/ 3/79	$ 3,516,352	$ 3,277,742	7.3%	$ 41,142	$ 26,586	$ 14,556	54.8%	364	374
8	(8)	Southland Corp.	12/31/78	$ 3,090,094	$ 2,545,415	21.4	$ 57,097	$ 45,317	$ 11,780	26.0%	6,708	6,475
9	(9)	Food Fair Stores	7/29/78	$ 2,785,899	$ 2,436,702	14.3%	$ −52,518	$ 7,421	$ −59,939	DOWN	442	490
10	(12)	Grand Union[1]	3/31/79	$ 2,398,944	$ 1,649,274	45.5%	$ 21,863	$ 14,619	$ 7,244	49.6%	840	479
11	(11)	Albertson's	2/ 1/79	$ 2,268,970	$ 1,816,495	24.9%	$ 36,421	$ 24,832	$ 11,589	46.7%	365	305
12	(10)	Supermarkets General	2/ 3/79	$ 2,061,873	$ 1,723,946	19.6%	$ 20,637	$ 14,852	$ 5,785	39.0%	109	105
13	(15)	Dillon Companies	6/30/79	$ 1,792,217	$ 1,465,277	22.3%	$ 33,586	$ 27,757	$ 5,829	21.0%	205	201
14	(13)	Stop & Shop Co.	2/ 3/79	$ 1,762,144	$ 1,611,569	9.3%	$ 16,021	$ 11,788	$ 4,233	35.9%	157	159
15	(16)	Publix	12/30/78	$ 1,672,229	$ 1,436,002	16.5%	$ 32,113	$ 26,605	$ 5,508	20.7%	220	214
16	(14)	Fisher Foods	12/30/78	$ 1,451,676	$ 1,536,523	−5.5%	$ 9,829	$ 4,384	$ 5,445	124.2%	158	201
17	(18)	First National Stores[2]	3/31/79	$ 1,239,083	$ 1,265,216	−2.1%	$ 3,312	$ −12,665	$ 15,977	UP	274	290
18	(19)	Giant Food	2/24/79	$ 1,080,842	$ 936,359	15.4%	$ 16,957	$ 9,983	$ 6,974	69.9%	117	115
19	(21)	Waldbaum's	12/30/78	$ 941,479	$ 826,337	13.9%	$ 7,016	$ 6,110	$ 906	14.8%	129	127
20	(22)	Fred Meyer	12/30/78	$ 927,110	$ 822,478	12.7%	$ 20,881	$ 17,137	$ 3,744	21.8%	62	61
21	(20)	National Tea	12/30/78	$ 918,635	$ 835,604	9.9%	$ 12,102	$ 11,069	$ 1,033	9.3%	214	216
22	(24)	Cullum Companies	6/30/79	$ 782,520	$ 639,080	22.4%	$ 9,406	$ 6,614	$ 2,792	42.2%	120	116
23	(25)	Weis Markets	12/30/78	$ 518,003	$ 461,281	12.3%	$ 24,582	$ 20,841	$ 3,741	18.0%	101	99
24	(27)	Niagara Frontier Service	6/30/79	$ 465,000	$ 398,425	16.7%	$ 8,650	$ 7,662	$ 988	12.9%	103	100
25	(29)	Circle K	4/30/79	$ 438,559	$ 363,783	20.6%	$ 10,678	$ 7,876	$ 2,802	35.6%	1,158	1,105
26	(28)	Alterman Foods	4/28/79	$ 435,999	$ 376,862	15.7%	$ 4,163	$ 3,223	$ 940	29.2%	92	89
27	(26)	Arden Group, Inc.[3]	12/30/78	$ 398,335	$ 348,187	14.4%	$ 7,186	$ 4,171	$ 3,015	72.3%	105	110
28	(32)	Marsh Supermarkets	3/31/79	$ 391,963	$ 337,887	16.0%	$ 3,642	$ 3,324	$ 318	9.6%	195	175
29	(30)	Foodarama	10/28/78	$ 376,144	$ 356,201	5.6%	$ 2,162	$ 2,867	$ −705	−24.6%	41	43
30	(34)	Thriftimart, Inc.	3/25/79	$ 368,136	$ 334,192	10.2%	$ 4,488	$ 3,636	$ 852	23.4%	43	43
31	(38)	Penn Traffic	2/ 3/79	$ 330,225	$ 285,951	15.5%	$ 5,933	$ 4,477	$ 1,456	32.5%	64	61
32	(..)	Food Town Stores, Inc.	12/30/78	$ 299,267	$ 218,987	36.7%	$ 9,481	$ 8,876	$ 605	6.8%	69	55
33	(33)	Pueblo International	1/27/79	$ 296,170	$ 335,680	−11.8%	$ 3,975	$ 2,308	$ 1,667	72.2%	40	37
34	(40)	Big V Supermarkets	12/31/78	$ 295,111	$ 233,851	26.2%	$ 4,214	$ 2,641	$ 1,573	59.6%	24	22
35	(39)	Seaway Food Town, Inc.	9/30/78	$ 285,215	$ 242,833	17.5%	$ 3,325	$ 2,141	$ 1,184	55.3%	51	49
36	(36)	King Kullen	9/30/78	$ 281,039	$ 249,944	12.4%	$ 1,952	$ 1,626	$ 326	20.0%	50	50
37	(35)	Shopwell, Inc.	12/30/78	$ 271,568	$ 277,657	−2.2%	$ 745	$ 520	$ 225	43.3%	75	73
38	(41)	A. J. Bayless	12/30/78	$ 260,088	$ 219,824	18.3%	$ 2,583	$ 2,266	$ 317	14.0%	58	59
39	(31)	Munford, Inc.	12/28/78	$ 260,032	$ 233,578	11.3%	$ −1,187	$ −1,050	$ −137	DOWN	1,211	1,351
40	(43)	Victory Markets	12/30/78	$ 228,584	$ 213,686	7.0%	$ 1,120	$ 165	$ 955	578.8%	84	91
41	(44)	Star Supermarkets	12/30/78	$ 228,282	$ 210,294	8.6%	$ 2,154	$ 1,091	$ 1,063	97.4%	40	40
42	(46)	Schultz Sav-O Stores	12/30/78	$ 219,373	$ 188,990	16.1%	$ 1,264	$ 778	$ 486	65.5%	35	35
43	(47)	Mott's Supermarkets	12/30/78	$ 211,233	$ 169,300	24.8%	$ 2,787	$ 1,560	$ 1,227	78.7%	23	22
44	(48)	Village Supermarkets	7/29/78	$ 206,319	$ 168,627	22.4%	$ 1,141	$ 763	$ 378	49.5%	22	19
45	(45)	Thorofare	7/29/78	$ 200,908	$ 195,080	3.0%	$ 823	$ −1,264	$ 2,087	UP	59	65
46	(37)	Shop Rite Foods	12/30/78	$ 180,703	$ 249,679	−27.6%	$ −9,105	$ −5,018	$ −4,087	DOWN	64	172
47	(..)	The Red Food Stores, Inc.	6/ 3/78	$ 173,695	$ 138,210	25.7%	$ 2,261	$ 1,247	$ 1,014	81.3%	32	32
48	(49)	Applebaum's	4/28/79	$ 139,610	$ 127,991	9.1%	$ 2,042	$ 1,774	$ 268	15.1%	27	27
49	(..)	Laneco, Inc.	9/30/78	$ 116,872	$ 109,468	6.8%	$ 1,692	$ 1,374	$ 318	23.1%	18	18
50	(50)	Sunshine Jr. Stores	12/31/78	$ 93,553	$ 81,225	15.2%	$ 1,622	$ 1,432	$ 190	13.3%	323	295
TOTAL				$ 78,280,521	$ 69,454,478	12.7%	$ 781,719	$ 663,093	$ 118,626	17.9%	23,351	22,734

*Latest fiscal year reported by Aug. 1 of following year.

(..) Not shown on 1978 listing.

[1] Acquired Colonial Stores in Aug. of 1978.

[2] As reported directly to SUPERMARKET BUSINESS by First National Stores, Inc.

[3] For Market Operations only.

THE 10 FASTEST GAINERS IN EARNINGS
(Greatest percentage increases)

Chain[1]	Percent Gain in Earnings	Earnings Rank 1978*	Earnings Rank 1977*	Sales Rank 1978*
Victory Markets	578.8%	44	46	40
Fisher Foods	124.2	19	24	16
Star Supermarkets	97.4	37	40	41
The Red Food Stores, Inc.	81.3	35	(**)	47
Mott's Supermarkets	78.7	33	37	43
Arden Group, Inc.	72.3	23	47	27
Pueblo International	72.2	29	32	33
Giant Food	69.9	15	17	18
Schultz Sav-O Stores	62.5	42	42	42
Big V Supermarkets	59.6	27	31	34

*Latest fiscal year reported by Aug. 1 of following year.

[1] Includes only those companies with no reported losses in either year.

(**) Not listed in 1977.

THE 10 BEST 1978* PROFIT MARGINS[1]

Chain	Net Income After Taxes as Percent of Sales 1978*	Net Income After Taxes as Percent of Sales 1977*
Weis Markets	4.75%	4.52%
Food Town Stores, Inc.	3.17	4.05
Circle K	2.43	2.17
Fred Meyer	2.25	2.08
Publix	1.92	1.85
Winn-Dixie Stores	1.92	1.89
Dillon Companies	1.87	1.89
Niagara Frontier Service	1.86	1.92
Southland Corp.	1.85	1.78
Arden Group, Inc.	1.80	1.20

[1] Profit margins are based on operating earnings excluding special credit or charges.

*Latest fiscal year reported by Aug. 1 of following year.

Safeway's Tops in Both Sales and Net Income

■ *Continued from page 25*

In 1978, only five of the 50 companies in this year's study had declines in 1978 dollar earnings, whereas among the 50 firms reported on last year, 19 showed less earnings in 1977 than in '76, another indication of the upsurge in fortunes among the top chains.

The five chains reporting earnings declines were Food Fair Stores, A&P, Shop Rite Foods, Foodarama and Munford, Inc. Of the five, all but Foodarama reported losses. Foodarama's 1978 income of $2.2 million on sales of $376 million was down from the previous year's earnings of $2.9 million on sales of $356 million.

The biggest gainer in 1978 in both sales and net income was Safeway Stores. The international grocery store giant reported sales of $12.55 billion, up 11.6 percent over 1977's total. Net income came to $146.1 million, an increase of 42.8 percent over 1977's net of $102.3 million.

Following Safeway as the biggest gainers in the total sales race were The Kroger Company (+ $1.08 billion); Grand Union (+ $749.7 million); Lucky Stores ($+ $623 million); and Southland Corp. (+ $544.7 million).

In earnings the biggest gainers after Safeway (+ $43.8 million) were Kroger (+ $24.6 million); Jewel Companies (+ $14.6 million); Lucky Stores (+ $13.9 million) and American Stores (+ $12.1 million).

The fastest gainers in sales for fiscal 1978 was led by Grand Union of 45.5 percent over 1977. Grand union was followed by Food Town Stores, Inc., with a sales gain of 36.7 percent, Big V Supermarkets (+ $26.2 percent), The Red Food Stores, Inc. (+ $25.7 percent) and Albertson's (+ $24.9 percent).

In terms of earnings, the fastest gainers were Victory Markets with phenomenal increase of 578.8 percent, Fisher Foods with 124.2 percent, Star Supermarkets (+ $97.4 percent), The Red Food Stores, Inc. (+ $81.3 percent) and Mott's Supermarkets (+ $78.7 percent).

Food Town Stores was the leading company in terms of returns on fiscal '78 net worth. That firm's net income as a percentage of year-end net worth was 28.07, compared to 1977's 35.89 percent. Albertson's posted a percentage of 24.46 and was followed by Lucky Stores (24.05 percent), Big V Supermarkets (24.03 percent) and The Red Food Stores, Inc. (23.19 percent).

■*Continued on following page*

THE 10 BEST RETURNS ON 1978* NET WORTH

Chain	Net Income After Taxes as Percent of Year-end Net Worth 1978*	1977*
Food Town Stores	28.07%	35.89%
Albertson's	24.46	20.89
Lucky Stores	24.05	23.41
Big V Supermarkets	24.03	19.33
The Red Food Stores, Inc.	23.19	15.80
Arden Group, Inc.	23.14	24.82
Dillon Companies	22.01	20.84
Circle K	21.01	17.63
Winn-Dixie Stores	20.09	19.41
Cullum Companies	19.82	16.59

*Latest fiscal year reported by Aug. 1 of following year.

50 Chains Run More Than 22,000 Stores

■ *Continued from page 27*

In 1978 the total number of retail grocery outlets operated by the 50 chains in SB's study climbed to 23,351 from 22,734 in 1977. Most of the chains reported modest increases or decreases in the number of stores operated. But A&P's fiscal '78 report showed a decline of 134 stores, part of the struggling chain's ongoing efforts to cut the number of unprofitable outlets it operates.

Shop Rite Foods, Inc., another chain that had heavy 1978 losses ($9.1 million), also reported fewer stores in operation at the end of 1978—64 as compared to 172 in 1977. The reduction was also aimed at eliminating unprofitable outlets.

Lucky Stores, on the other hand, was in an expansionist mood in 1978. The chain wound up the year with 1,317 retail food stores, compared to 1,026 at the end of 1977. The new stores resulted in 2.6 million square feet of additional space. Lucky's 1978 report noted that the chain plans to open about 170 stores and close 25 in 1979.

As a result of its merger with Colonial Stores, Grand Union also reported a large increase in the number of stores operated at the close of fiscal 1978—840 outlets compared to 479 in 1977.

The Southland Corp. continued its expansion in 1978. It reported that the number outlets operated jumped from 6,475 in fiscal '77 to 5,708 in '78. ■

THE 10 FASTEST GAINERS IN SALES

(Greatest percentage increases)

Chain	Percent Gain In Sales	Sales Rank 1978*	1977*
Grand Union	45.5%	10	12
Food Town Stores, Inc.	36.7	32	(**)
Big V Supermarkets	26.2	34	40
The Red Food Stores, Inc.	25.7	47	(**)
Albertson's	24.9	11	11
Cullum Companies	22.4	22	24
Village Supermarkets	22.4	44	48
Dillon Companies	22.3	13	15
Southland Corp.	21.4	8	8
Circle K	20.6	25	29

*Latest fiscal year reported by Aug. 1 of following year.
(**) Not listed in 1977.

THE 5 DECLINES IN EARNINGS

Chain	Earnings or Losses (000) 1978*	1977*	Net Decline in Earnings (000)
Food Fair Stores	$-52,518	$ 7,421	$-59,939
A & P	-52,186	569	-52,755
Shop Rite Foods	- 9,105	-5,018	- 4,087
Foodarama	2,162	2,867	- 705
Munford, Inc.	- 1,187	-1,050	- 137

*Latest fiscal year reported by Aug. 1 of following year.

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PROFITABLE FACTS, TRENDS, IDEAS, PRODUCTS FOR THE GROCERY INDUSTRY

Supermarket Business

FORMERLY SUPERMARKETING

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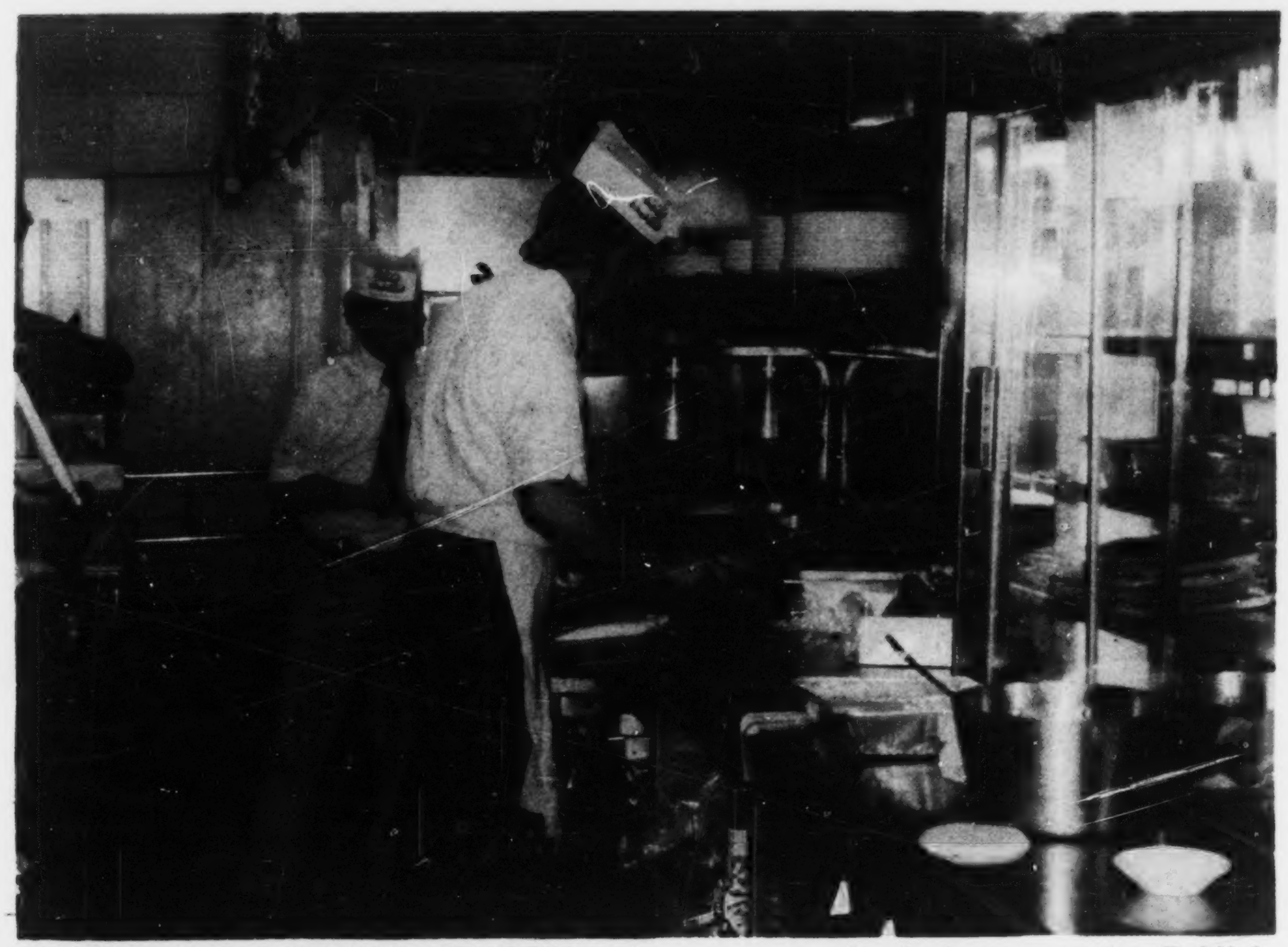
• **Profit-Building Strategies For Dried Fruits—Page 22**

• **How High Is Your Productivity IQ?—Page 26**

JANUARY 1980



TRAINING FOOD SERVICE STAFFS to take on a range of tasks is one way that Publix' DeliWorld has achieved a net profit of 11-13 percent. Page 37.

Foodservice Boosts Volume Up to 40% for Some Chains

by Roberta Walton, field editor

DALLAS—Of the 50 top supermarket chains, 36 percent have opened or are about to open foodservice operations in the form of snack bars, buffets or restaurants, a SUPERMARKET BUSINESS survey has found.

Nearly all of the chains that have experience with such operations realized a healthy profit within the first year, and for some the food service has increased their total volume by up to 40 percent.

More detailed interviews with 13 majors that provide a variety of food services revealed that for 11 chains the heaviest activity is in snack bar/deli combinations.

The degree of involvement with the concept ranged from experimentation by two of the companies to fully established operations in more than half of the stores run by the most heavily involved chains.

Since most of the chains began these operations relatively recently—from the middle '60's on—corporate spokesmen stressed that learning through experimentation is still the name of the game.

A common denominator for success in these operations is hard to find. Factors such as location, management philosophy and restaurant design vary greatly from store to store. The variables are as numerous as the choices on the most diversified menu and the foodservice director must be selective in what he orders.

For chains operating food services, customer convenience is a main objective. A one-stop shopping service that lets the customer shop *and* take a break to eat is a popular theme expressed by chain representatives.

Under the management of Bruno's Inc. (Birmingham, Ala.), three experimental snack bars which opened in 1979—in Chattanooga, Tenn.; Oglethorpe, Ga.; and Bessemer, Ala.—were planned for consumer convenience.

"Our stores are designed to draw cus-

■ *Continued on page 34*

Stress 'Fresh': Key Ingredient For Higher Restaurant Sales

by Carol Fensholt, managing editor

PHOENIX—If you're a grocer who's been thinking about opening a restaurant, this may be your year.

Why? Restaurant sales were flat last year for the first time, not because the "eating out" trend has slowed, but because most fast food outlets do not offer what consumers en masse have begun to look for: Freshness, premium quality and nutritional completeness.

Supermarkets, with ready access to the freshest ingredients and the know-how to manage them, are in the ideal position to take immediate advantage of the trend, filling the gap first.

These assessments are made by Charles Harper-Smith, director, foodservice division, for P.K. Halstead Associates, a restaurant consulting firm. "The freshness trend is becoming more and more important as the American consumer becomes more concerned with quality than price," he says.

"Though foodservice as a whole showed no growth last year, those fast food operators who stress freshness are doing very well. Others—and this is many—have fallen off."

Also looking ahead at the energy situ-

■ *Continued on page 35*

One Way to Profit From Idle Space: Rent It to a Bank

by Bernard J. May,
vice president,
Howard L. Green & Assoc.

BIRMINGHAM, Mich.—Unused or underproductive space in your store can generate $10,000, $15,000, even $25,000 yearly for you, if you price it aggressively and lease it to a bank looking for a location for an in-store branch or automated teller machine. In the process, you'll be providing an extra convenience for your shoppers.

To date, supermarket banking has largely focused on the electronic (EFT) services which stores can provide their

■ *Continued on page 18*

Self Insurance Plus Safety Can Put $$ in Your Pocket

by Elise J. Marton, associate editor

Improving safety conditions and establishing self-insurance programs are two ways retailers and wholesalers are coping with ever-rising costs of workers' compensation.

Though the object is the same, these approaches follow two different paths. Improving store safety and workers' safety consciousness is mainly a matter of day-to-day operations, aimed at reducing claims and making the company a lower insurance risk. Self-insurance, on the other hand, is a matter of financial management. It is aimed at maximizing the use of company insurance money by investing it rather than letting it sit idle.

SUPERMARKET BUSINESS spoke recently with executives at three grocery chains and one wholesale company, to find out more about their efforts to hold down workers' compensation costs. SB's findings are reported in the following two articles.

EAST PROVIDENCE, R.I.—If you directly involve your store and warehouse workers in a program of safety improvement, you'll not only get some valuable suggestions from them, you'll also make your employees more safety-conscious and less likely to be injured on the job.

This is the logic behind the safety programs being run by management at Almac's, Inc., headquartered here, and at the Philadelphia-area distribution

■ *Continued on page 23*

SUPERIOR, Wis.—Self-insurance programs are allowing some grocery retailers and wholesalers not only to keep the lid on the cost of workers' compensation, but also to achieve tighter control over their finances and greater flexibility of their cash flow.

Though the details vary from plan to plan, self-insurance generally requires that a company, instead of paying monthly insurance premiums to an outside insurer, put money into a fund out of

■ *Continued on page 23*

SB Survey Shows Spurt in Scanning For Small Chains

by Bruce Buckley, editor
and Robert A. Leibson,
market research director

NEW YORK CITY—The commitment to scanning by smaller supermarket chains will make great strides in 1980, according to a survey of top executives conducted by SUPERMARKET BUSINESS.

The survey showed that of the 47 companies whose execs responded, the number with one or more scanning stores will double this year—from 18 at the end of 1979 to 36 by Dec. 31.

The findings thus give strong indication that some of the fears of smaller firms about the financial justification for scanning are evaporating as the positive results throughout the industry continue to build.

Many execs who responded to SB's survey on critical issues saw scanning as a significant way to sharpen their productivity efforts all around—from better labor scheduling to tighter in-

■ *Continued on page 16*

* based on 47 replies
% of execs rating issues as "very important"
Source: Supermarket Business

Vol. 35 No. 1 A GRALLA PUBLICATION JANUARY, 1980

In this issue...

Food

Radio Promo Pushes Produce By Offering Buying Tips 7

Move Dried Fruits, Nuts To Produce Department 22 ▶

High-Quality Food Heats Up Deli Meal Sales 42

General Merchandise

'Read' Customers Minds to Hike Paperback Sales 8

Strategies to Build Automotive Sales Are Offered 10 ▶

Some Merchandisers Limit Service as Costs Soar 12

Operations

How to Profit from Idle Space: Rent to a Bank 1 ▶

Self-Insurance Plus Safety Puts $$ in Your Pocket 1

No Purchase Promos to Grow In 1980's: Study 8

80 Promo Ideas Draw Shoppers In 1980 13

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Special Section

Stress Fresh to Boost Restaurant Sales 1

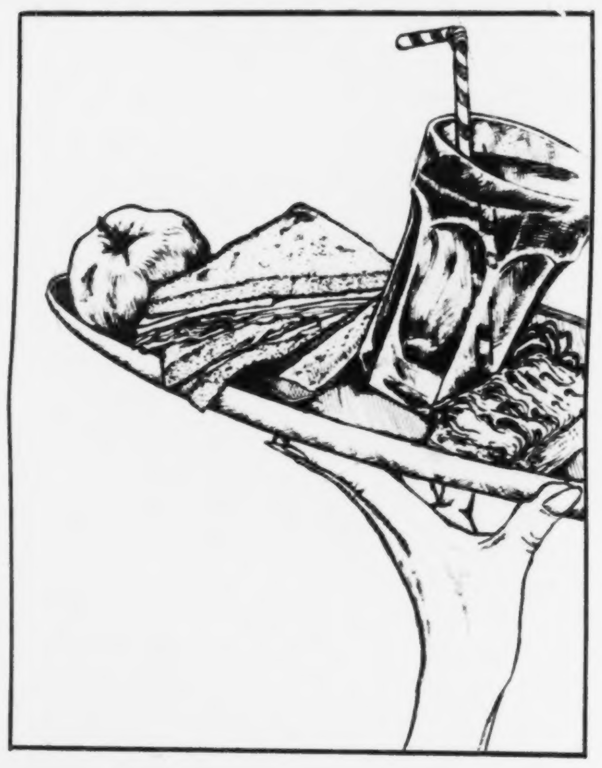
Foodservice Boosts Volume 40% for Some Chains 1

Staff Training, Morale Help Foodservice Succeed 37

The Fast Food Issue: Who's Preparing Meals? 39

Limited-Time Menu Specials Draw Customers 40

Stress Skill to Spur Waitress Pride 40

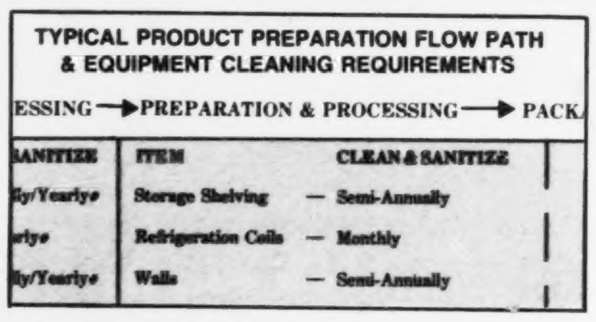


Regular Columns

About Labor Scheduling 26

Technology Challenge 28

Profitable Store Engineering 30 ▶



TYPICAL PRODUCT PREPARATION FLOW PATH & EQUIPMENT CLEANING REQUIREMENTS

ESSING → PREPARATION & PROCESSING → PACK

ANITIZE	ITEM	CLEAN & SANITIZE
ly/Yearly	Storage Shelving	— Semi-Annually
rly	Refrigeration Coils	— Monthly
ly/Yearly	Walls	— Semi-Annually

The Publisher's View

Fast Food Competition: Shoe Now On Other Foot?

by Howard Rauch

Biting one's nails over the impact of fast food competition was a "favorite" occupation of many supermarket operators during the 70's. But in the 80's recent developments suggest that nail-biting roles may be reversed. Perhaps fast food operators will be worrying more about new competition from grocery retailers.

This is a conclusion I have drawn—right or wrong—after reviewing extensive work on fast food trends just completed by our editorial staff. You can read all about it in the special section beginning on page 33.

Why do I think fast food chains will worry more? First, there are indications that their business has been flattening out of late. And when business flattens out, you see more of what I'll call enforced diversification.

Suddenly, more burger and steak operations are into the seafood business. Then there is the vigorous "salad bar battle" which more fast food chains will wage—at least in 1980.

And as final thought, while we in the grocery business are all too familiar with the Chapter XI traumas of the 70's, there is some suggestion that fast food chains may get a heavier dose of financial woes in the 80's.

One administrator of that dose should be supermarket chains. This may not necessarily be because suddenly supermarkets have multiplied the number of in-store restaurants they operate. That isn't true yet, although there will certainly be more in-store eateries before this year is out.

But more food stores have gotten their act together in terms of service delis, bakeries and take-out departments. And those retailers that run stores big enough to house in-store restaurants—providing the required expertise exists—have had few regrets.

In-store restaurants are probably not for everybody. Snack bars may have more merit...but in either case, some experts recommend that supermarketers must research very carefully before going either way. The decision cannot be influenced—as too many decisions have been in this industry—by the fact that "my competitor is doing it."

Meanwhile, some observers are touting in-store dining as a viable addition for those who believe in the age of one-stop shopping. And I expect that this will work if an individualized approach is followed.

That is, we will not be able to mold a universal plan-o-gram for a restaurant that works in all stores. The hash house/short order approach may do the trick in some locations. But more gracious luncheon dining—with innovative atmosphere included—will be called for in other instances.

I have still not worked out the implications of a "dine and shop" promotion for food stores, but when I do, you will be the first to know.

Yes...I do believe the competitive shoe will be on the grocery industry's foot in terms of fast food operations. The fast food industry may have to cope with more of what the grocery business faced in the 70's. Costs of eating out are starting to add up. Competition is razor sharp.

Will more fast food chains try to buy supermarket operations as a result? That is another story for another time, but nothing is beyond reason.

Let's talk briefly about "adversary situations"—a popular subject that is all too often presented via a one-way street viewpoint.

That is, at industry conventions, it is usually the manufacturer that is cast in the adversary role. Why is that? Don't retailers and wholesalers also create adversary situations?

When one talks about industry cooperation, doesn't that suggest that everybody has to bend a little...and that the onus isn't just on manufacturers in this regard?

With food business as flat as a pancake, and with another weary year of inflation in the offing, we can expect that many innovations to combat this trend—in products and services—will come from manufacturers.

It takes two parties—at least—to produce an adversary encounter, and I urge those buyers who berate manufacturers on this score to do some introspection to see how many thorny situations are store-generated.

In the very tough 80's, we need all the help we can get. So we should all be concerned with making it more palatable for our industry to tackle the toughest merchandising challenges on a united front basis. ■

Supermarket Business

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Survey Shows Lively Interest in Foodservice

■ *Continued from page 1*

ventory control to verification of director store deliveries.

The survey also showed a strong interest on the execs' part in adding to their companies' foodservice operations in the coming year.

Among the findings:

■ The number of their stores with bakeries on premises will increase this year from 270 to 306—a 13.3 percent growth.

■ Stores with full deli departments will increase by 9.3 percent—from 432 at the end of 1979 to 472 by Dec. 31.

■ The number of stores with snack bars will jump from 23 to 32 (+39.1 percent) and serviced fast food restaurants from nine to 13 (+44.4 percent).

Results from the rest of the survey produced few surprises. Profit squeeze was the number one worry of the 47 responding chain execs.

Almost 90 percent rated that key issue as "very important." What's more, the cost of labor and of energy, both intimately tied to profits, ranked second and third, respectively, on the critical issues list.

Profits, labor and energy were followed by four others listed as "very important" by more than half the executives. These were: finding and training productive, honest employees (70.2 percent); finding most profitable store format (66 percent); security problems (51.1 percent); and soaring cost of merchandise (51.1 percent).

Changes Are Minimal

In comparing these results with those from last year's survey, it is clear that the chief concerns of grocery execs haven't changed much in the past year.

In 1979, the three top issues were the same, except that labor costs headed the list last year, followed by profitability and energy costs.

How do the execs deal with these tough financial challenges? In a variety of ways, the survey found, but the twin threads running through their responses were similar: sell more product and control spiraling costs.

"We're enforcing a labor-control goal of $85 per man hour," the president of a large Michigan chain said in explaining what his company is doing to control labor costs.

"Use more part-time help, fewer full-timers," another exec suggested.

"Sell union stores or close them," was the blunt proposal of a Minnesota operator.

Good Marks to GM

With a few exceptions, the execs gave good marks to general merchandise as a profit-generating department within the supermarket.

More than 74 percent responded positively to the statement, "Supermarkets should expand GM/HBA offerings, since they are the best route to growth and have greater profit margins."

But 91.5 percent said that supermarkets "should do a better job of weeding out slow-moving GM/HBA items."

These percentages, and others in the

■ *Continued on following page*

Q. "How important are each of the following key issues facing you as you enter the 1980's?" (Ranked in order of "Very important")

(based on 47 replies)

	Percent of Respondents				
	Very Important	Moderately Important	Somewhat Important	Not at All Important	In Top 3*
Increased profit squeeze	89.4%	10.6%	0.0%	0.0%	61.7%
Cost of labor	83.0	17.0	0.0	0.0	61.7
Cost of energy	76.6	21.3	2.1	0.0	48.9
Finding/training productive, honest employees	70.2	25.5	4.3	0.0	31.9
Finding most profitable store format	66.0	23.4	10.6	0.0	8.5
Security problems	51.1	40.4	8.5	0.0	12.8
Soaring costs of merchandise	51.1	27.7	17.0	4.2	14.9
More government regulations	40.4	29.8	27.7	2.1	12.8
Merchandising	38.3	51.1	10.6	0.0	2.1
Managing limited store space	36.2	46.8	12.8	4.2	4.2
Advertising/Promotion	34.0	42.6	21.3	2.1	2.1
Increasing competition from alternative format stores	25.5	55.3	19.2	0.0	12.8
Scarcity of capital	25.5	46.8	25.5	2.2	8.5
Public relations	21.3	48.9	29.8	0.0	4.2
Intensifying union pressure	21.3	42.5	31.9	4.3	4.2
Slow delivery/Out-of-stocks	12.8	42.5	40.4	4.3	0.0
Competition from fast food outlets	12.8	38.3	48.9	0.0	4.2
Pressure from consumers about prices	10.6	46.8	34.1	8.5	4.2
Nutrition	4.3	21.3	68.1	6.3	0.0

*In answer to question, "Of the issues you ranked as very important, which do you consider the 3 MOST CRITICAL?"

Q. "Approximately what portion (%) of your security losses* in 1979 was accounted for by each of the following?"

(based on 21 replies)

	Percent of Total Loss
Employee theft	30.3%
Shoplifting	30.3
Bad checks	18.6
Vendor Theft	16.7
Burglary-robbery	2.3
Other losses	1.8
Total	100.0%

*Merchandise losses estimated at retail value.

Q. "Do you plan to increase your security personnel in 1980?"

(based on 40 replies)

	Number of Companies	Percent of Response
Yes	17	42.5%
No	23	57.5
Total	40	100.0%

Q. "How many of your stores will have each of the following types of 'food service' installations at year end 1979? At year end 1980*?"

(based on 47 replies)	Percent of Stores		Number of Stores		Percent change
	year-end 1980*	year-end 1979	year-end 1980*	year-end 1979	'80*-'79
On-premise bakery	37.5%	34.9%	306	270	+13.3%
Full "deli" department	57.9	55.8	472	432	+ 9.3
Snack bar	3.9	3.0	32	23	+39.1
Serviced fast food restaurant	1.6	1.2	13	9	+44.4
None of above¹	5.6%	6.1%	46	47	− 2.1%
One or more of above	94.4	93.9	769	727	+ 5.8
Total	100.0%	100.0%	815	774	+ 5.3%

*Expected.

¹Represents 6 companies or 12.8% of responding companies.
41 companies (87.2%) have one or more of these installations.

Characteristics of the Sample

Replies from presidents and other major executives of 47 grocery chains operating	774 stores
Number of stores per responding chain	16.5 stores
Average 1979 sales per store	$ 4,767,000
1979 sales volume for sample	$ 3.690 billion

Respondents' stores by 1979 sales volume:	Number of stores	Percent of response
Under $1 million	13	1.7%
$1 million-$5 million	294	38.0
Over $5 million	467	60.3
Total	774	100.0%

Respondents' stores by size and type, in 1979:	Number of stores	Percent of response
Superstores (over 35,000 sq. ft.)	32	4.1%
Intermediate stores (25,000-35,000 sq. ft.)	358	46.3
Supermarkets-conventional (to 25,000 sq. ft.)	352	45.5
Convenience stores	9	1.2
Warehouse stores	17	2.2
Limited assortment stores	2	0.2
Other types not listed above	4	0.5
Total	774	100.0%

Respondents' increase in sales per store:	
1979 vs. 1978	+10.5%
expected 1980 vs '79	+12.5%

■ *Continued from preceding page*

GM/HBA portion of the questionnaire, are remarkably similar to the results from last year's survey of top execs.

For example, 91.5 percent of the respondents last year also felt that supermarkets could do a better weeding-out job.

A few companies, however, continue to be holdouts when it comes to GM/HBA.

Of the 47 responding executives, four said yes to the statement "Supermarketers should stick to foods. It is the merchandise they know best."

"It's okay for some, but not for us," said one exec from a small Indiana chain. But he added: "Future trends could change this."

Security Losses: 2 Main Factors

In the security section of the survey, employee theft and shoplifting ran a dead heat as the main causes of loss. Each accounted for an average of 30.3 percent of the stores' total security losses, the results showed.

Bad checks (18.6 percent of total security losses) and vendor theft (16.7 percent) ran third and fourth. Burglary/robbery and "other losses" were negligible factors, according to the survey.

How are the chains coping with these losses?

Better employee screening and training and beefed-up security forces were the two security measures mentioned most often by the execs.

Other steps included tougher check-cashing policies, use of polygraph and pencil and paper honesty tests, closed circuit television, and tighter store door delivery surveillance.

79% Feel Competitive Pressure

On the question of competition, 37 of the execs said they were feeling pressure from other types of stores. Ten said they were not.

Superstores and warehouse stores were the types cited most often. Almost 46 percent of those execs who said they were getting "serious competition" identified the source as stores over 35,000 square feet in size. Close to 38 percent said their competitive headaches were coming from warehouse stores.

Following in order of importance as competitive forces were limited assortment stores (10.8 percent); intermediate stores (25,000 to 35,000 square feet) and conventional supers (both 8.1 percent); and convenience stores (5.4 percent).

Of all the issues, the question of generics produced the most negative comments.

Although 50 percent of the 44 execs who responded to questions on generics said they carry such products, many of the comments were downright hostile.

"I dislike the fact that any product should be sold in the American supermarket without an identifying label of the manufacturer or distributor," said the president of a large Michigan chain whose stores don't carry generics.

I think it will pass," an exec from a small Utah chain said.

"Poor quality—only attracts 'cherry-pickers,'" said another.

"They duplicate private label and are not a real saving for the consumer," was the comment of a third.

The president of a Michigan chain said that while "we are not big believers in generics," the company is willing to buy such products if they are a good value. But he said he doesn't foresee any great growth in generics.

On the other hand, the president of a large Florida chain said he expects generics to "expand slowly."

And another exec pointed out: "As long as inflation continues, generics will be around."

Only one response, from the vice president of a Canadian chain, was enthusiastic.

"Just about every product we have listed has become top volume in the category," he reported.

One interesting finding was the deflated importance the grocery execs gave to consumer pressure about rising prices.

Last year, 24.6 percent of the respondents ranked that issue as critical. In this year's survey, the percentage fell to 10.6 percent.

The finding seemed to reflect consumer awareness that food cost is now less of a contributor to the inflationary spiral.

In other words, the heat is off—for now. ■

Q. "Of the food stores you own/operate, how many will have 'scanning' by year end 1979? By year-end 1980*?"

(based on 47 replies)

	Percent of Total		Number		Percent Change
	1980*	1979	1980*	1979	'80*-'79
Stores					
With scanners by year -end	48.2%	17.7%	393	137	+186.9%
No scanners by year-end	51.8	82.3	422	637	−33.8
Total	100.0%	100.0%	815	774	+5.3%
Companies					
With scanners by year-end	76.6%	38.3%	36	18	+100.0%
No scanners by year-end	23.4	61.7	11	29	−62.1
Total	100.0%	100.0%	47	47	....

*Expected

Q. "Do you carry GENERIC items in your stores?"

(based on 44 replies)

	Number of Companies	Percent of Response
YES	22	50.0%
NO	22	50.0
Total	44	100.0%

Q. "If you carry GENERICS, are you likely to increase, or decrease the number of items you carry in 1980?"

(based on 22 replies)

	Number of Companies	Percent of Response
Increase	11	50.0%
No change	7	31.8
Decrease	4	18.2
Total	22	100.0%

Q. "Are you getting any serious competition from any particular type of grocery store? If yes, which type?"

Getting serious competition	Number of Replies	Percent of Response
Yes	37	78.7%
No	10	21.3
Total	47	100.0%

Type (If yes)	Number of Replies	Percent of of YES*	Response of ALL
Superstores (over 35,000sq.ft.)	17	45.9%	36.2%
Warehouse stores	14	37.8	29.8
Limited assortment stores	4	10.8	8.5
Intermediate stores (25,000-35,000 sq.ft.)	3	8.1	6.4
Conventional supers (to 25,000 sq.ft.)	3	8.1	6.4
Convenience stores	2	5.4	4.3

*Does not add to 100% because of multiple replies.

Q. "Please indicate whether you agree with each of the following statements on GENERAL MERCHANDISE and HBA in supermarkets."

(based on 47 replies)

	Answer YES	
	Number of Replies	Percent of Response
"Supermarketers should stick to foods. It is the merchandise they know best."	4	8.5%
"Supermarketers should expand GM/HBA offerings since they are the best route to growth and have greater profit margins."	35	74.5
"Supermarketers should do a better job of weeding out slow-moving GM/HBA items."	43	91.5
"When we add GM/HBA in existing stores, space is usually taken away from food categories."	27	57.4
"Supermarketers should handle better-quality GM."	31	66.0
"We are becoming too competitive in HBA. Margins have eroded. If we aren't careful, the same thing will happen to other GM."	30	63.8
"In our larger stores (over 24,000 sq. ft.) we expect GM/HBA to account for 30% - 40% or more of the profits."	11	23.4

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Presenting 40 Hot Front End Products—Page 52

PROFITABLE FACTS, TRENDS, IDEAS, PRODUCTS FOR THE GROCERY INDUSTRY

Supermarket Business

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FEB 11 1980

FORMERLY SUPERMARKETING

Inside this issue

- 'Charlie's Angels' Visit Hinky Dinky Managers—Page 14
- How to Become a Media Star—Page 16
- Get 10% Tax Break On Rehab Costs—Page 24

FEBRUARY 1980

YOUR LAST CHANCE to impress the shopper is at front end. Attractiveness and an open, relaxed atmosphere leave her in a pleasant frame of mind, rather than irritated with you. See page 48.

Promoting Beef Family Packs, Subprimals Can Boost Volume

by Peter Jauquet, associate editor

COLUMBUS, Ohio—Now is the time to step up promotion of vacuum-packed beef subprimals and combination family packs from the meat counter.

Reason? Consumers are learning the savings of $1 or more per pound these bulk packs offer can make a big difference in their monthly food bills, retailers say.

Take the example of S.M. Flickinger Co. here. George Butts, meat merchandise manager, says sales of 10-or-so-pound vacuum packs have jumped 300 to 400 percent in the past 12 months.

This Flickinger division used to move only about 10 boxes per week through meat cases. Now movement is 40 to 50 boxes of subprimals per week.

Other firms contacted by SUPERMARKET BUSINESS report similar consumer recognition of vacuum packs' and item-combination packs' value.

Developments in meat advertising and promotion include:

- ■ Heavier display of chicken and pork;
- ■ More frequent features on turkey and turkey parts;
- ■ Highlighting of a different meat group, via feature prices, from week to week.

What about meat economics and con-

■ *Continued on page 25*

Million-Dollar Market At Stake

To Cash In on Scanning Data, First Tighten Your Operation

by Elise Marton, associate editor

In the minds of many, data is the primary benefit of scanning. It's a powerful marketing tool, and a salable commodity. But to be truly valuable, it's got to be complete and accurate, as the two stories that follow indicate.

HAUPPAUGE, N.Y.—A scanning system that reads 100 percent of the UPC symbols passed over it?

This may sound like pie in the sky to the harried scanning director still trying to figure out where that funny little clank in his new system is coming from. But it need not be considered unreachable.

Careful analysis of the bar codes that appear on the merchandise you carry is the first step toward improving the "read" rates at your scanning stores. This, plus systematic communication with manufacturers whose UPC symbols are falling short, can lead eventually to an environment virtually free of "no-scans" which waste your cashiers' time and weaken the body of data your system collects.

How many UPC codes on supermarket shelves today are unreadable? Estimates vary, from under one percent to an alarming seven percent. But, in the words of one source contacted by SUPERMARKET BUSINESS, "Even just two percent of a lot, is *a lot*, especially if that includes symbols on high-volume products."

Spokesmen at Symbol Technologies, Inc., located here, are among the least optimistic observers of the problem. In a detailed study of over 20 stores in a dozen or so chains, they found that from three to seven percent of all coded items were unreadable. The composite average was around five percent.

Symbol Technologies is a firm which

■ *Continued on page 50*

NEW YORK CITY—The buying and selling of scanning data is quickly turning into a multi-million dollar a year business. How can a scanning store cut itself in on a piece of the action? It can start by demonstrating to potential buyers that it is a tight, disciplined operation.

Only if a store can show its data to be reliable and complete will the major data buyers consider doing business. Lax procedures at store level, or a system fraught with "bugs" that have yet to be worked out, will turn a potential buyer away.

These impressions were gleaned by SUPERMARKET BUSINESS during conversations with spokesmen at four major data collection organizations: A.C. Nielsen, TRIM (Tele-research Item

■ *Continued on page 42*

Supers Tell How To Succeed With High-Ticket GM

by Joe Allen,
general merchandise editor

LUBBOCK, Tex.—A $10,000 diamond ring sold in a supermarket? Color televisions offered in the same store as meat and produce? Microwave ovens, clock radios, and hair dryers on sale next to batteries, film and socks? Some supermarket owners are answering with a resounding "Yes!" Others remain skeptical.

If supermarkets can create a positive high-ticket image, provide maintenance on the products they sell, and are willing to advertise, they can bolster sales of high-priced general merchandise and health and beauty aids that are avoided by most grocery retailers.

Having adequate space to properly merchandise such items as appliances, electronic games, and fine fragrances can also help make high-ticket GM/HBA successful.

Some stores around the country have overcome their initial fears of tying up inventory and space on more expensive goods and are now making vigorous efforts to draw customers to these high-priced lines.

Furr's (Lubbock, Tex.), Von's (El Monte, Calif.) and Schnuck's (Bridgeton, Mo.) are among stores enjoying suc-

■ *Continued on page 11*

CFDA Retailers Plan to Add 13% More Stores in 1980

by Bruce Buckley, editor
and Robert A. Leibson,
market research director

NEW ORLEANS—With construction costs and interest rates climbing to the stratosphere, the smart strategy for expansion-minded supermarket companies is to play a waiting game. Right?

Not according to the results of a comprehensive study undertaken by SUPERMARKET BUSINESS for presentation here at last month's annual convention of the Cooperative Food Distributors of America.

The results showed that, despite the gloomy construction climate, 1980 will be a big year for building, acquisitions and remodeling among CFDA's retailer members.

SB's study is the largest one ever undertaken involving the operations and attitudes of supermarkets serviced by cooperatives. Twenty co-ops from every area of the U.S. took part along with CFDA in SB's research efforts.

The 358 responding retail companies projected that the 717 stores they now operate will increase by 93 during 1980 as a result of new construction or acquisitions.

The survey showed that the highest growth rate will take place in the area of warehouse stores. Retailers forecast that the 34 outlets they operated at the end of 1979 will increase by 13 this year—a jump of 38.2 percent.

Also slated for a strong expansion rate are limited assortment stores,

■ *Continued on page 20*

BY YEAR-END 1980, CFDA Retailers Say . . .

11.5%
of their stores
will be
NEW

15.8%
of their stores
will be
REMODELED

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In this issue...

Food

Sell Family Packs to Boost Beef Volume 1 ▶

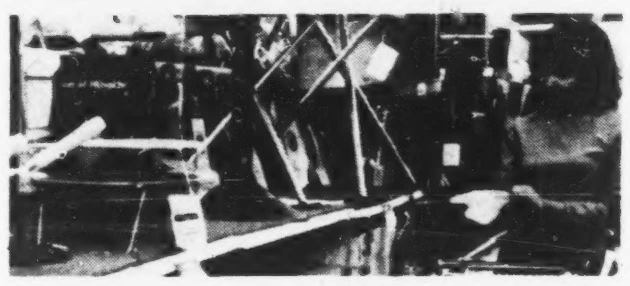
Pork's A Good Value; Promote It to Profit 30

Good Equipment Choice Wins Fast Food Market 35

General Merchandise

Supers Tell How to Win with High-End GM 1 ▶

GM/HBA Sales Up 7.5%, But Margins Drop 6



Operations

CFDA Retailers Plan 13% More Stores for '80 1

Profit-Building Tactics Highlight SB Workshop 8 ▶

Consumers Switch Stores To Fill 'Personal' Needs 24

Special Section

Tighten Operations to Cash In on Scanning 1

New Checkstand Options Prompt Front-End Shuffle 40

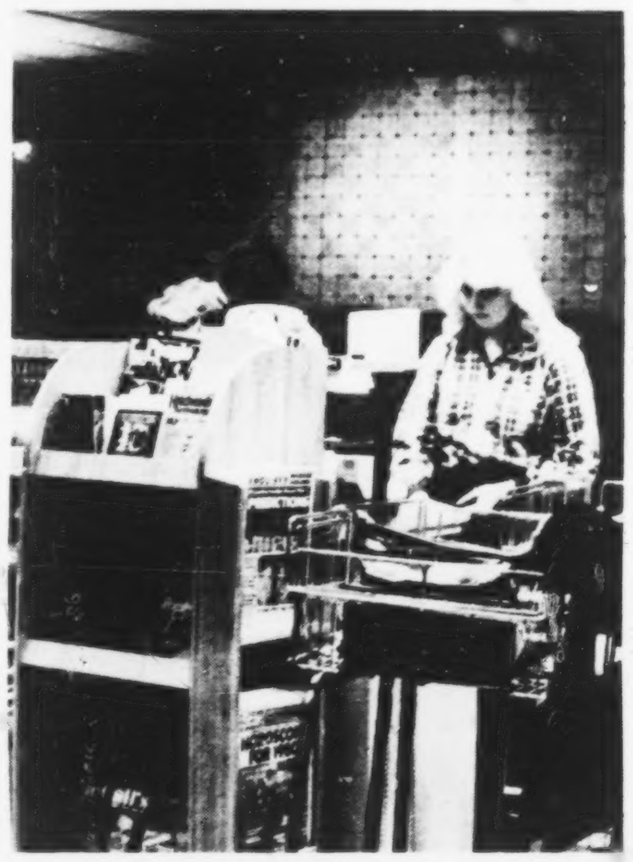
Computerized Clearance Halves Bad Checks 44

Convert Labor Savings To Customer Service 45

Checkout Scale Fans Cite Accuracy, Productivity 45

Forestall Front End Frenzy With Thoughtful Design 48 ▶

Front End Product Guide 52



Regular Columns

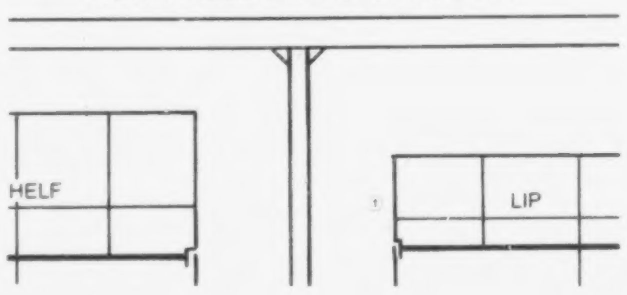
Technology Challenge 28

Management Ideas 29

New Products 61

Coming Events 63

EXHIBIT A
WORK TABLE WITH STORAGE BIN



The Publisher's View

Do We Know Only The Tip Of Security Loss Iceberg?

by Howard Rauch

Two cliches that might appropriately describe estimates of shrink losses at grocery stores are "tip of the iceberg" and "scratching the surface."

Two years ago, SUPERMARKET BUSINESS took a shot at making estimates on just security losses. You may recall that we arrived at a conservative figure of $15,000 per store per year. This translated into the equivalent of many weeks of profit down the drain.

General reaction from some sources, however, suggested that $15,000 was really the tip of some monstrous iceberg. When we labeled our estimate as "conservative," we were being masters of understatement.

Then there was another camp contending that thieves are given credit for losses that fall more into the category of "shrink." Perhaps, therefore, the size of our security loss iceberg had been magnified.

Well, no matter which camp you reside in, I think we would agree on one point: Be it just security loss or the all-encompassing category of shrink, the tip of the iceberg in terms of known losses does require better definition.

This was brought home to me quite clearly when I attended Food Marketing Institute's loss prevention conference last month. Several security directors in attendance suggested that the data-gathering process related to cost of theft needs improvement.

For example, while some chains have a handle on number of shoplifters caught per store, others do not. Total losses sustained via sweetheart clerks, dishonest routemen, various forms of collusion and the like can be guessed at by some security people—but guessing isn't good enough, is it?

Until we improve our record-keeping systems dramatically, the tip of the iceberg will remain just a tip...and, as some security execs maintained, the "shrink loss" vs. security loss picture will stay cloudy.

Anyway, we do have the problem...and as I listened to discussions at the FMI session, I evolved a partial list of challenges pertaining to security loss:

- ■ Recruit more employees as members of loss-prevention teams;
- ■ Improve data collection systems related to various forms of theft and, if possible, develop a universal reporting process;
- ■ Get more unions to join with management in cracking down on dishonest employees;
- ■ Set stiff prosecution policies and apply them uniformly and consistently;
- ■ Make more judges understand the need to impose stiff sentences on the guilty.

We are making strides in a number of the above areas, but progress is hardly widespread. Some encouraging news includes:

- ■ Coming electronic innovations that will allow more retailers to stomp on passers of bad checks.
- ■ The younger breed of independent is reportedly shaping up as less tolerant of theft losses than the old guard.
- ■ More in-depth training of security personnel is under way.

There's lots more happening...but in any case, I think one resolution we might add to any list already drawn up for 1980 is to make stronger efforts to monitor shrink, security loss—call it what you will—at store level for the next six months.

Start now with a preliminary estimate of how bad—or good—you think things are. One chain asked its employees to list major causes of shrink; I believe the list ended up 86 items strong. It certainly helped clarify where more investigation was needed.

Six months from now, you can compare your estimates with reality, for better or for worse. The results may scare you to death. But at least you'll know what size iceberg really lurks beneath the waters, and just how much of your profits it is sinking into oblivion. ■

Supermarket Business

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CFDA Survey:

Warehouse Stores to Increase by 38% in 1980

■ *Continued from page 1*

which will increase from 36 to 43, up 19.4 percent; convenience stores, which will go from 94 to 111 units, up 18.1 percent; and "all other" outlets, a catch-all that includes conventional supermarkets, which will increase from 553 to 609 stores by the end of 1980—an increase of 10.1 percent.

Reflects Independents' Growth

The nearly 13 percent rise in total stores is strong evidence that the growth exhibited by independents in recent years is not losing any headway—even in a difficult market.

Moreover, the same companies indicated that they plan to remodel 128—or almost 18 percent—of those 717 stores this year.

Another way of considering those figures: Of the 810 stores projected by the end of 1980, 27.3 percent will have been built, acquired or remodeled during the year—a high proportion by industry standards.

The survey responses show that the expansion and changes are being carried out with full understanding of the obstacles.

> *"Responses show that the expansion and changes are being carried out with full understanding of the obstacles."*

Questionnaire after questionnaire listed construction costs, interest rates, energy costs and money and land availability as the big stumbling blocks.

One retailer summed up the attitude of many of his colleagues: "Basically (there are) the same types of problems as the last 10 years, but we will overcome them."

SB's survey asked the retailers to consider a wide-ranging series of questions—from scanning use to general merchandise growth and from critical supermarket issues to key wholesaler programs and services.

The results from the critical issues question were very similar to those obtained from a survey of 47 top chain executives published in SB's January issue. In fact, the first five issues rated as "very important" by the 329 retailers who responded to this question were the same as those in the chain survey—with only slight variations in order of importance.

It was the tough economic issues that again headed the list. "Increased profit squeeze," "cost of energy" and "cost of labor" came in first, second and third among the 20 issues that were considered. Each was called "very important" by more than 80 percent of the respondents.

The top three were followed by "finding most profitable store format," ranked as "very important" by 66 percent of the respondents, and "finding/training productive, honest employees," which received the nod from 64.7 percent.

"Competition from food chains," an issue that did not appear on the survey questionnaire sent to chain executives, was called "very important" by 64.1 percent of the CFDA respondents. It came in sixth.

Nutrition Finishes Last Again

Nutrition, as issue that will become

■ *Continued on opposite page*

Q. "How important are each of the following key issues facing you as you enter the 1980's?"

(Based on 329 Replies)

	% Indicating "Very Important"
Increased profit squeeze	86.0%
Cost of energy	84.2
Cost of labor	81.2
Finding most profitable store format	66.0
Finding/training productive, honest employees	64.7
Competition from food chains	64.1
Soaring merchandise costs	59.9
Managing limited store space	56.8
More governnment regulations	51.1
Public relations	46.2
Merchandising	45.9
Advertising/promotion	41.9
Scarcity of capital	38.9
Security problems	38.3
Increasing competition from alternative format stores	30.7
Slow delivery/out-of-stocks	28.9
Intensifying union pressures	24.9
Pressure from consumers	22.5
Competition from fast food outlets	21.3
Nutrition	6.4

Q. "How many stores do you plan to REMODEL in 1980? How many stores do you plan to BUILD and/or OPEN new in 1980?"

	Number of Stores	Percent of 1979 Stores	Percent of 1980 Stores
Total stores in 1979	717	100.0%	...
Total stores in 1980	810	...	100.0%
Number to be remodeled	128	17.9%	15.8%
Number to be built new	93	13.0%	11.5%

Note: By year-end 1980, 27.3% of the stores will be new, or remodeled in the past year.

Q. "How many of your stores had scanning in 1979? How many will have scanning by year-end 1980?"

	Number of Stores	Percent of 1979 Stores	Percent of 1980 Stores
Total stores in 1979	717	100.0%	...
Total stores in 1980	810	...	100.0%
Stores with scanning in 1979	55	7.7%	...
Stores with scanning in 1980	137	...	16.9%
Increase in number of scanning stores			+149.1%

Q. "What portion (%) of your HBA sales ($), and what portion (%) of your "other" General Merchandise sales ($) was accounted for by merchandise from each of the following sources in 1979? What portions (%) do you expect in 1980?"

	In 1979	Expected In 1980
Health and Beauty Aids (Based on 245 Replies)		
Own Warehouse	55.9%	60.5%
Rack Service	41.7	37.0
Direct from Manufacturer	2.4	2.5
	100.0%	100.0%
Other General Merchandise (Based on 214 Replies)		
Own Warehouse	46.0%	47.6%
Rack Service	50.9	49.3
Direct from Manufacturer	3.1	3.1
	100.0%	100.0%

Q. "What portion of your total store sales ($) did General Merchandise (including HBA) account for in the years listed?"

	1978	1979	1980*
Average Store Sales	$2,714,600	$3,048,500	$3,402,130
% Change from previous year	...	+12.3%	+11.6%
General Merchandise Sales	$247,030	$286,560	$336,890
% Change from previous year	...	+16.0%	+5.1%
General Merchandise as** % of Total Store Sales	9.1%	9.4%	9.9%

* Expected
**Includes HBA

Q. "What portion (%) of your TOTAL SECURITY LOSS in 1979 was accounted for by each of the following?"

(Based on 260 Replies)

	Percent of Total Security Loss in 1979
Shoplifting	43.0%
Bad checks	28.8
Employee theft	15.3
Vendor Theft	7.3
Burglary/Robbery	3.8
Counterfeit Money	0.2
Counterfeit credit cards	0.1
All others	1.5
Total	100.0%

Q. "Do you plan to increase your Security Personnel in 1980?"

(Based on 358 Replies)

	Number of Replies	Percent of Response
Yes	80	28.8%
No	278	71.2
Total	358	100.0%

CFDA Survey:
Shoplifting No. 1 In Security Loss

■ *Continued from opposite page*

increasingly important when tougher food labeling regulations are finally hammered out this year, had the dubious distinction of coming in last, just as it did in the chain execs' survey. Only 6.4 percent of the 329 CFDA retailer members who responded to this question thought nutrition was "very important."

Also ranked low were "competition from fast food outlets" (rated "very important" by 21.3 percent); "pressure from consumers" (22.5 percent); and "intensifying union pressures" (24.9 percent).

> *"Chain executives surveyed last month gave much greater weight to employee theft and vendor theft as causes of security losses."*

In the survey's security section, shoplifting heads the list of loss factors. According to the findings, 43 percent of total security losses came from this source. This is followed by bad checks (28.8 percent of security losses), employee theft (15.3 percent), and vendor theft (7.3 percent).

In contrast, the chain executives surveyed last month gave much greater weight to employee theft and vendor theft as causes of security losses. In fact, employee theft ran neck and neck with shoplifting as the prime source.

On the other hand, bad checks were a greater loss factor among the co-op retailers than the chains (28.8 vs. 16.7 percent).

This shows the need for the smaller co-op retailers to toughen their check-cashing procedures. And, in fact, many of them remarked that they planned to do just that.

Following the national trend, SB's survey disclosed a steady increase in the percentage of total store sales accounted for by general merchandise and health and beauty aids.

In 1978, GM/HBA made up 9.1 percent of average store sales. Last year the figure had climbed to 9.4 percent. By the end of 1980, projections

■ *Continued on next page*

CFDA Survey:

Scanning Stores Will Jump by 149% This Year

■ *Continued from preceding page*

showed, GM/HBA will account for 9.9 percent of total sales.

The survey sample ranged from small, single-store operators to one 20-store chain, and, of course, the heaviest GM/HBA growth is taking place among the larger operations.

The study also showed that more of these retailers will be relying on their own warehouse to supply them with HBA products this year. According to the findings, the retailers expect that the source of 60.5 percent of the 1980 HBA sales will be their own warehouses, compared to 55.9 percent last year. The survey shows that these sales will be pulled away from service merchandisers, who are expected to be the source of 4.7 percent less HBA volume this year.

Scanning to Jump 149%

The SB survey also indicates that scanning will make a great leap forward this year in these CFDA retailer stores. The number of outlets equipped with scanning will jump from 55 to 137—an increase of 149.1 percent.

Of the 810 stores that will be in operation by year-end 1980, 16.9 percent will be scanner-equipped. Virtually all of the growth will take place in stores with larger volumes. ■

Q. "How important are each of the following WAREHOUSE services/programs?"

(Based on 358 Replies)

	% Indicating "Very Important
Perishables merchandising program	69.0%
Complete PRIVATE LABEL line	68.7
Boxed beef program	59.5
Store set-up/re-set service	57.0
Complete equipment/fixtures procurement program	54.7
Financing assistance program	53.9
Full service insurance program	50.3
Full-service GM/HBA program	49.2
Complete STANDARD GRADE line	45.0
Grocery merchandising and inventory control program	43.6
Complete retail accounting program	42.5
Energy cost control/conservation program	38.0
Full scanning support system	31.3
Training program for retail store employees	28.5
Complete GENERIC line	11.5

Q. "How many of each of the following types of stores did you operate at year-end of 1979? How many will you operate by year-end 1980?

	Number of Stores		Percent of Stores		% Change in number of Stores
	year-end 1979	year-end 1980	year-end 1979	year-end 1980	
Limited assortment stores	36	43	5.0%	5.3%	+19.4%
Warehouse stores	34	47	4.8	5.8	+38.2
Convenience Stores	94	111	13.1	13.7	+18.1
All Other	553	609	77.1	75.2	+10.1
Total	717	810	100.0%	100.0%	+13.0

Characteristics of the Sample

Replies from 358 companies operating serviced by 20 CFDA members.	717 stores
Total 1979 sales for responding companies	$2.186 billion
1979 Total sales per store	
annual	$3,048,500
per week	$ 58,625
Size (sq. ft.) of average responding store	13,806 sq.ft.
Weekly sales per square foot of average responding store	$ 4.25

Q. "Did you carry GENERIC ITEMS IN 1978? in 1979? Will you carry GENERIC ITEMS in 1980?"

(Based on 346 Replies)

	Percent of Respondents		
	In 1978	In 1979	In 1980*
Yes	12.1%	19.4%	20.2%
No	87.9	80.6	63.6
Not Sure	0.0	0.0	16.2
	100.0%	100.0%	100.0%

* Expected

Q. "When taking on or increasing the amount of GENERICS you carry, which of the following is affected MOST?"

(Based on 191 Replies)

	Number of Replies	Percent of Response
Standard Grades	81	42.4%
Private Labels	65	34.0
National Brands	53	27.7
	*	*

* Adds to more than 100% due to multiple replies

Q. "Do you view PRIVATE LABEL as a competitive response to the GENERIC movement?"

(Based on 332 Replies)

	Number of – Replies	Percent of Response
Yes	188	56.6%
No	144	43.4
	332	100.0%

Q. "Do you view STANDARD GRADE LABELS as a competitive response to the GENERIC movement?"

(Based on 321 Replies

	Number of Replies	Percent of Response
Yes	203	63.2%
No	118	36.8
	321	100.0%

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PROFITABLE FACTS, TRENDS, IDEAS, PRODUCTS FOR THE GROCERY INDUSTRY

Supermarket Business

FORMERLY SUPERMARKETING

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- Undercover Teams Cut Internal Theft—Page 11
- Switch from 8- to 6-Pack Soda Noted—Page 17
- Dual HVAC Systems Can Save You $$—Page 28

MARCH 1980

Exclusive study of independents reveals:

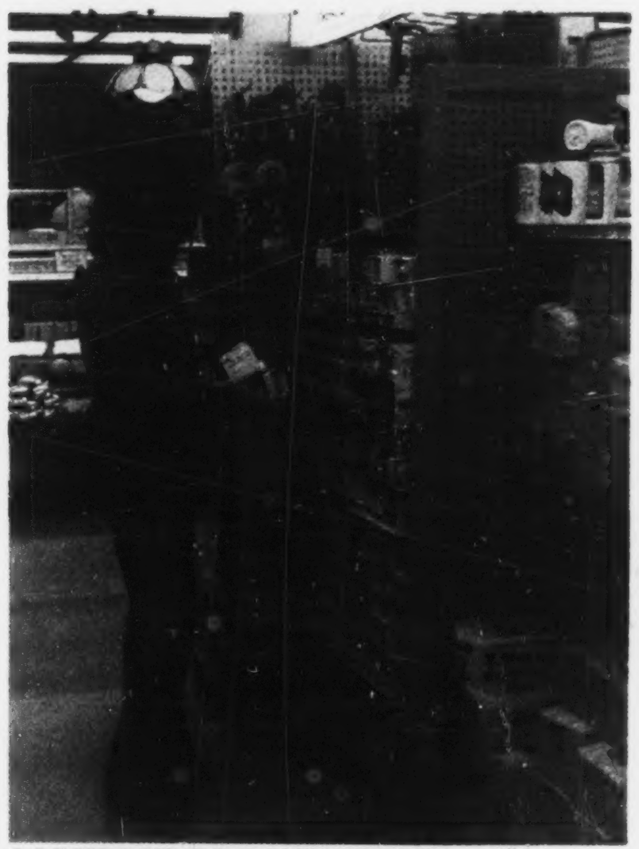
Three Stumbling Blocks Stymie GM/HBA Profits

100 in-depth interviews find many grocers still lack confidence, cling to food image

by Joe Allen, general merchandise editor, and Marianne Faybik, market research manager

NEW YORK CITY—Pushing aside three key stumbling blocks could hike general merchandise/health and beauty aids sales and profits for many independent grocers.

In order to make progress, independents must:



LIGHTBULBS RANK FIRST in GM sales and profits, independents report.

(1) Improve their knowledge of GM/HBA mechanics;

(2) Develop confidence that such products can be sold in volume in their stores;

(3) Be more willing to shed the "food only" image of past days.

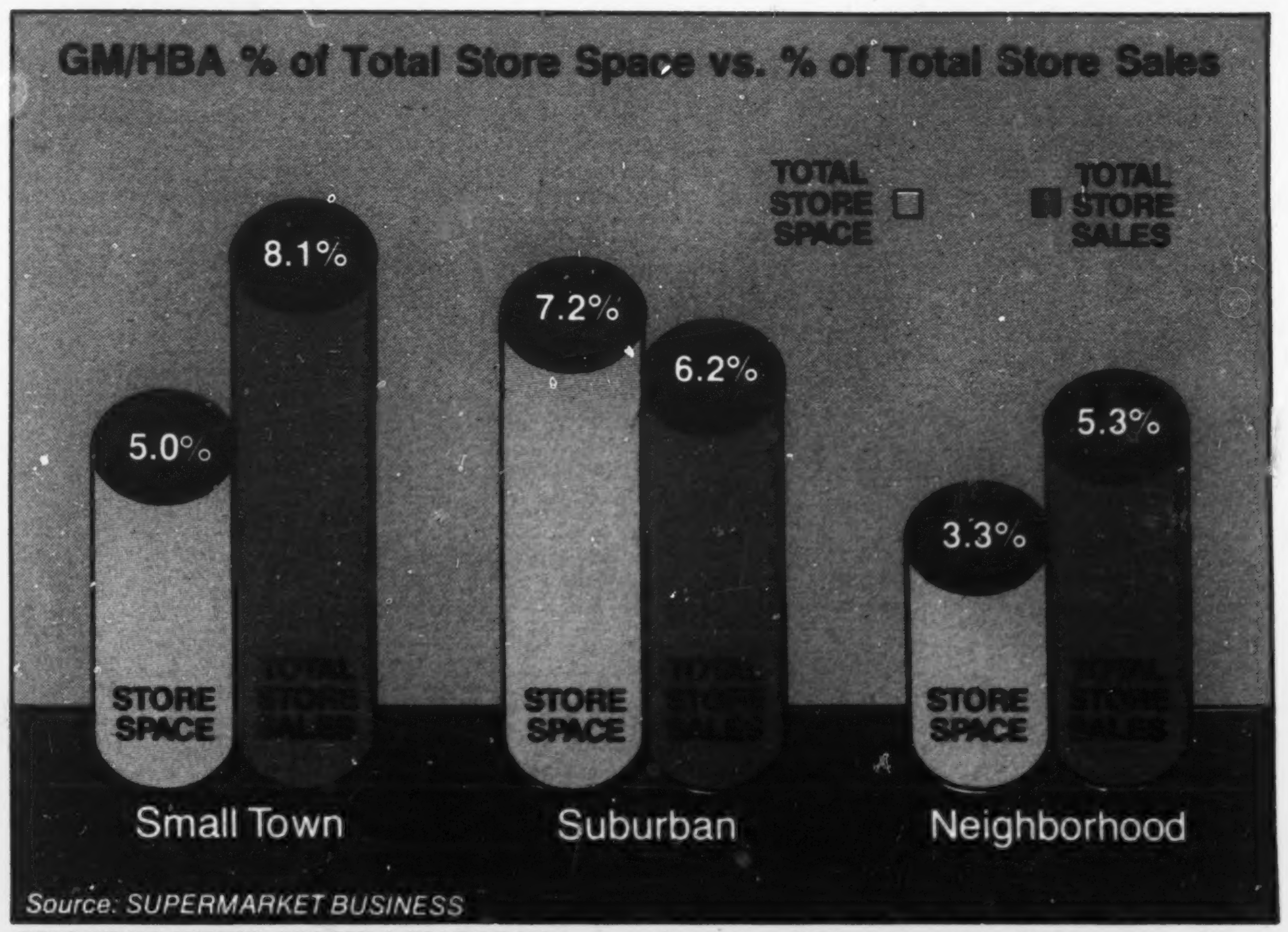
The last point applies particularly to grocers in residential areas, where opportunities to do a bigger GM/HBA job seem more pronounced.

These are key findings of SUPERMARKET BUSINESS' new "Real Worlds of General Merchandise" study of GM/HBA's current position among independents. Based on in-depth interviews with 100 independents around the country, the new study reveals this category is producing an average 6.4 percent of their total store sales from 5.7 percent of store space.

"Real Worlds" found the nation's independents divided over whether GM/HBA sections are profit-makers or "necessary evils"—many retailers acknowledge the category's high profit potential; others fear driving away long-time customers with food stores diluted by GM/HBA.

Interestingly, "Real Worlds" found small-town independents tend to do better with GM/HBA than independents in other locations. They're also more enthusiastic than others about the category. Whether they do better because they have more faith in GM/HBA, or have more faith in GM/HBA because they're doing better with it is not certain; what is certain is that retailers who approach GM/HBA's potential positively make more money from their sections than retailers whose lack of conviction or interest permits them to

■ *Continued on page 30*



Source: SUPERMARKET BUSINESS

SUCCESS WITH GM/HBA VARIES by store location, SB's "Real Worlds" survey of independents found. For this reason, the sample was divided into three store types by location: small-town, suburban and neighborhood stores. Small-town stores do the best job of producing sales from available space.

Use Computer Tools To Assess Store's Remodeling Needs

by David S. Rogers, Retail Research, Inc.

BLOOMFIELD HILLS, Mich.—Remodeling decisions no longer have to be subjective, or simply reactions to competitors' moves. Sophisticated analysis techniques are now available to grocery retailers wishing to identify profitable opportunities for store remerchandising and remodeling.

"Squeezing more out of the lemon" demands that retailers know their stores and thoroughly analyze their performance. Obvious signs that a store needs attention are real declines in sales and sales per square foot, and weak performance versus similar sister stores.

However, grocery retailers need a more sophisticated way of appraising store performances. This can be found in a new computer-based Store Performance Analysis (SPA) system. This analyzes store, department, and even product line sales information to provide

■ *Continued on page 26*

First Controlled Scan Project Makes Town a Laboratory

by Elise J. Marton, associate editor

PITTSFIELD, Mass.—Mrs. Jones buys Brand A of mouthwash, and has done so for years. What will happen when she gets a ten-cent coupon for Brand B? Will she switch? How about a 20-cent coupon? Twenty-five?

What if she sees television ads for Brand B, or an in-store promotion? Will these win her over? And if they do, how long will she continue to buy Brand B before going back to her old favorite?

If Mrs. Jones is a participant in Shoppers' Hotline, an ambitious and innovative market research program here and in Marion, Ind., answers to these questions may be more easily gotten than in the past.

The program being run by Information Resources Inc. (Chicago) is based on the idea that whatever a market researcher can do with paper, pencil and telephone, a scanning system can do better. IRI has blanketed Pittsfield and Marion with scanning equipment, at its own expense, in order to track nearly 100 percent of the scannable food purchases of a 3,000-member consumer panel chosen especially for the project.

The object of the Shoppers' Hotline program is "to measure existing buying habits of people, introduce variables into the market, and determine the response of people to those variables," according to operations vice president Jim McNulty.

As this implies, there is considerably more to the Shoppers' Hotline program than installing scanning equipment and tracking individuals' purchases.

Other components of the program include:

■ Targeting different cable television advertisements to different households to see the impact of these ads on purchases;

■ Doing the same with newspaper advertisements;

■ Tracking the use of coupons by panel members;

■ Launching new products in stores to see how they are received, and by whom;

■ Testing the effects of various types

■ *Continued on page 18*

NAWGA Show Spotlights New Thrusts Needed to Raise 1980's Productivity

by Richard Marini, contributing editor

CHICAGO — Insufficient productivity, aggravated by double-digit inflation, poses a serious threat to many wholesale food distributors during the coming decade.

This warning will be given to an estimated 2,000 delegates at the annual National-American Wholesale Grocers' Association (NAWGA) convention, to be held March 16-19 at the Palmer House here.

"The 1980's will be the beginning of a new era in terms of requirements for successful management of this industry," says NAWGA president Jerry Peck. "Productivity has now become even more critical, as we've used up most of our readily available non-people productivity increases, such as one-floor warehouses, faster merchandise handling and better tools."

No fewer than half of the 38 workshops scheduled for the meeting deal in some way with ways to increase productivity.

"Managing In the Eighties" was cho-

■ *Continued on page 8*

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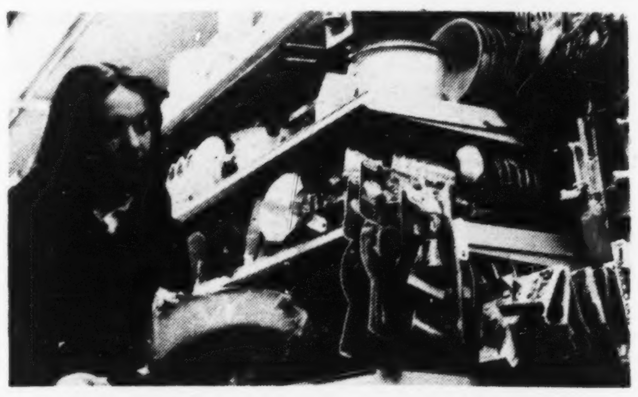
In this issue...

Food

Imported Beer Sales Bring Profits Home 6 ▶
Frozen Treats 'Hot' as Top Brands Surge 6
Special Order Cakes Sell All Year Long 14

General Merchandise

Silk Flowers Boost Wedding Business 6
Newspaper Ads Spark Magazine Sales 12
Can Less GM Space Mean More Profit? 46 ▶



Operations

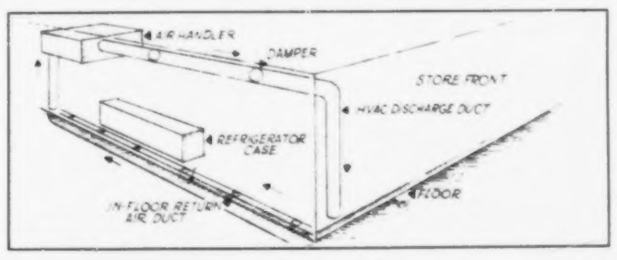
Firm Uses Scanning To Test Ads, Promos 1 ▶
Independents: Be Flexible When Economy's Troubled 6
Halt Purchasing Fraud: These Pointers Can Help 10
Cut Internal Theft With Undercover Team 11

Special Study

Poor Product Knowledge Hurts GM/HBA Sales 1
Small-Town Stores Most Successful 31
Out of Stocks Show Need For More Store Effort 38
Service Merchandisers: A Mixed Blessing? 39
Cosmetics: First on List Of Planned Additions 40
Caution's the Watchword On High-Ticket Items 41

Regular Columns

Technology Challenge 25
Profitable Store Engineering 28 ▶
The Supplier Perspective 54



The Publisher's View

Beware: 1-Stop Shopping Is A Wolf In Sheep's Clothing!

by Howard Rauch

Infatuation with one-stop shopping is nothing new for retailers or manufacturers. Lured on by the belief that consumers are more interested than ever before in buying everything in one place, we diversify our lines, build bigger stores and generally set out to exploit the gamut of shopper impulses.

But one-stop shopping is certainly nothing new, and as we gear up for it in the 80's, perhaps we should be concerned with whether or not this phenomenon is indeed a wolf in sheep's clothing.

History tells us that in the 50's and 60's, retailer adrenalin was really percolating over the prospects of one-stop shopping. Massive stores were built by discount chains and others...which eventually led us through periods of overstoring and perhaps a few Chapter XI situations.

Manufacturers, of course, were left holding the accounts receivable bag as overambitious retailers folded their expansion tents.

In those days, as I recall, the idea of cashing in on one-stop shopping was linked with the rush to suburbia—the fact that so-called mobile consumers would be driving longer distances to shop ... and therefore would be inclined to buy everything in one place.

Today, I again hear the importance of one-stop shopping being trumpeted. Its prospects have been "revived" by the thought that consumers looking to control gasoline expense will definitely want to buy everything in one place.

And again we have talk of building superstores, combination stores, adding more of everything and cashing in on all those impulse purchases.

Make sense? Well, perhaps there are a few differences. First, we have more grocery chains involved in this current wave of expansion/diversification than was the case 20-30 years ago.

Second, we have more severe inflation, which has to influence the habits of even higher income consumers. I think that we will surely see more frequent food purchases involving fewer items. Impulse buying could be restrained.

If this is true, shoppers may be looking for more of those smaller stores—we call them conventional markets—that they can get into and out of quickly. Or they will certainly be more in tune with those bigger stores that have several express lanes or other devices for speeding the checkout process.

Yes, we may be moving toward a new plateau in one-stop shopping. But we had better be gearing up in terms of what the average purchase will be during that stop. Then perhaps we will plan more realistically than may be the case today.

* * * * *

Space management is the subject of a new SUPERMARKET BUSINESS survey to be released this May. But early returns representing close to 2,000 stores tell us such things as:

- ■ There is no universal approach to shuffling faster movers in and slower movers out.
- ■ More frequent performance review of every category is the rule rather than the exception.
- ■ Considerable product shuffling involves frozen foods, dairy, canned fruit and vegetables.
- ■ General merchandise performance is being screened more carefully. Categories that are not paying their way in 1980 may be replaced by promising food items!

An update on this new important survey is part of "Grocery Trends—Digging Into The 80's"—our most current slide show. "Digging Into ... " includes volume projections out to 1990 for all major grocery lines.

This presentation also deals with major issues of concern to grocery executives, current status of scanning and new store formats plus some new statistical ideas on how to map product performance.

If you have a major meeting upcoming where participants are interested in "digging into" future grocery prospects, our new 55-minute show might be a worthwhile addition to your program.

Presentations are given personally by SUPERMARKET BUSINESS staff members. If you'd like more information, drop me a note or give me a call.

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Supermarket Business

Special Report from 100 Independents:

Real Worlds of General Merchandise

Crest
Crest
Crest
Aquafresh
Fluoride
Crest

Study Pinpoints Independents' GM/HBA Progress

Solving 3 problems could spark great non-food gains....

■ *Continued from page 1*

be out-merchandised by other supermarkets, discount drug stores and mass merchandisers.

The three key problems facing retailers who view GM/HBA as a necessary evil are, in more detail:

(1) **Lack of knowledge**—too often, independent operators abandon their entire GM/HBA department to a service merchandiser. Busy with other store problems, they never acquire even the rudimentary knowledge that would enable them to determine something so basic as whether the department is being run for their benefit or the service merchandiser's.

For example, does the service merchandiser really expect that caseload of Snoopy sneakers to sell, or is he unloading on an out-of-the-way independent his unwanted overstock until he gets around to making good on his merchandise credits?

(2) **Lack of conviction**—old-guard independents see themselves strictly as food retailers, and view GM/HBA inroads not as an opportunity but as a threat. "If I dilute my shelves with a lot of non-food items, people will stop coming into my store," is a comment SB heard over and over from retailers everywhere.

(3) **Lack of confidence**—"I can't compete with the K Mart down the street in either price or variety, so why should I give myself a headache by trying to manage an extensive non-foods department?" was a typical explanation.

In each case, the problems are more perceived than real; the real problem is one of education and of adjustment to meet the demands of a changing marketplace as independents enter the 1980's.

Criss-crossing the country, SUPERMARKET BUSINESS found GM/HBA success to vary significantly according to store location. It may be that the most successful operators can offer important clues for maximizing GM/HBA's potential.

HOSIERY WAS NAMED A "TOP THREE PROFIT MAKER" by the second largest number of survey respondents, trailing lightbulbs but ahead of flashlights and batteries.

Location and Size of Sample Stores

STORE LOCATION
(based on 98 replies)

Type of Location	Number of Replies	Percent of Response
Suburban	43	43.9%
Small Town	27	27.5
Neighborhood	28	28.6
Total	98	100.0%

Store Size

By Store Location (based on 93 replies)	Number of Replies	Avg. Store Size (sq.ft.)
Suburban	45	12,656
Small Town	24	12,101
Neighborhood	24	11,605
Total	93	12,242

Number of Stores (based on 94 replies)	Number of Replies	Percent of Response
Under 10,000 sq. ft	38	40.4%
10,000-17,000 sq. ft	34	36.2
18,000 or more sq. ft	22	23.4
Total	94	100.0*

Source: SUPERMARKET BUSINESS

Small-Town Stores Do Best Among Independent Supers

When it comes to selling GM/HBA, small-town independent supermarkets stand head and shoulders above independents in other locations. Their GM/HBA sales are higher in relation to department size, and they have more ambitious expansion plans.

During nine months of "Real Worlds" research, SB encountered wide disparity in the way independents operate their GM/HBA departments. Some operators were well-organized and aggressive. They sought to promote their GM/HBA lines, maintain good product mix and clean departments, and assure themselves of reliable supply methods. Naturally, these stores enjoyed the highest ROI.

For other operators, lack of faith in GM/HBA potential became a self-fulfilling prophesy. Here, skimping on space, poor product mix and excessive stock-outs resulted in dismal ROI.

As mentioned, SB found independents' GM/HBA success to vary according to store location, even when factors such as store size and volume were the same.

Accordingly, the 100-store sample was broken down into three categories by store location: neighborhood, suburban and small-town supermarkets. Each was defined as follows for "Real Worlds" purposes:

- **Neighborhood stores**—stores located within residential areas zoned primarily for housing;
- **Suburban stores**—stores typically located on main traffic arteries or commercial strips, including shopping centers, just outside a major city;
- **Small-town stores**—stores located in towns or villages not heavily influenced by a neighboring city. In these towns, most residents work as well as live within the community.

> *"While the threat of competition has sent small-town operators roaring into action, it's prompting some suburban operators to beat a hasty retreat."*

To help pinpoint success with GM/HBA, SB used as a yardstick a store's space/sales ratio: if GM/HBA's percentage of a store's space was equal to its percentage of store sales, the store's non-foods program was considered adequate or average.

Above-average success was indicated by sales percentages higher than space percentages; below-average success, by sales percentages lower than space percentages.

This space/sales analysis showed small-town stores to have a decisive lead over neighborhood and suburban stores.

Of the latter, suburban stores appear to have the biggest problems. Results show the average suburban store devotes 3.4 percent of its space to HBA and 3.8 percent to GM—while the categories each produce just 3.1 percent of total store sales, a decidedly unsatisfactory performance.

Neighborhood stores fare slightly better under formula analysis—though the percentage of GM/HBA space to total store space is depressingly low: GM gets 2.2 percent of space and produces 3 percent of store sales; HBA gets a negligible 1.1 percent of space but yields 2.3 percent of sales.

In terms of space/sales analysis, small-town stores do by far the best job with GM/HBA, though, again, percentage of total space devoted to the category is dismally low: from the 1.9 percent of space they devote to HBA, small-town stores produce 4.1 percent of total store sales; from 3.1 percent of space, GM produces 4 percent of sales.

Competition may be one explanation—small-town stores appear to be less threatened by hefty competition from other supermarkets, convenience stores, discount drugstores or mass merchandisers than are neighborhood and suburban stores.

Also, it may be that small-town operators know their customers better and are therefore better able to cater to their needs.

Real Worlds of General Merchandise

GM/HBA Sales Rise…But Slower Than Total Store

All three types of independents boosted their 1979 GM/HBA sales above 1978 levels, but no GM/HBA increase matched the rise in total store sales.

Small-town stores again set the pace, posting a 15.2 percent total store gain, an HBA gain of 13.9 percent and a GM rise of 11.1 percent.

For 1980, independents see a 10.1 percent rise in total store sales, an 11.8 percent GM rise and 9.4 percent HBA rise—interesting, since in the past, HBA has risen faster for them than GM.

Small-town operators are the optimists among independents—they anticipate a 14.6 percent rise in total store sales, a 12.4 percent HBA hike and 11.8 percent growth for GM. They look to the future without fear, and to competition with do-or-die spirit: "To combat the superstores, we're going to expand GM/HBA even if we have to break down our walls to do it," one Seattle area operator asserted.

Independents must find more GM/HBA space somehow if they're to remain in business, he stressed.

Small-town operators agreed with that assessment more often than did suburban or neighborhood stores; nearly a third reported adding space to non-foods in 1979. By contrast, only a fifth of suburban and only a tenth of neighborhood operators added GM/HBA space last year.

In fact, while the threat of competition has sent small-town operators roaring into action, it's prompting some suburban operators to beat a hasty retreat—eight percent actually reduced GM/HBA space last year.

Explained a Richmond, Va. retailer, "There's a discount chain store two doors down, a big supermarket three blocks away, and box store nearby. How am I supposed to compete with them? I'm cutting back because I'm just wasting space if I don't."

His attitude, as well as that of the bullish small-town Seattle area operator, is reflected in "Real Worlds" statistics: a mere eight percent of suburban operators plan to expand GM/HBA space in 1980, while fully half of small-town operators plan to expand GM space and nearly 40 percent plan to add to HBA.

Neighborhood operators fall somewhere in between on the expansion issue—they're not as gung-ho as small-town operators about GM/HBA, but appear at least more willing to give it a chance: 25 percent plan to add space to HBA, while 18 percent will add to GM.

Nonetheless, pessimism among neighborhood operators was clearly evident. "The trend is growing stronger toward one-stop shopping in malls," lamented one Illinois neighborhood retailer. "More and more action is going on in shopping centers, and we're sort of getting cut off from it. Customers are driving right by us to the mall, and doing all their shopping there."

> *"When it comes to selling GM/HBA, small-town independent supermarkets stand head and shoulders above independents in other locations."*

General downturn in the economy has made him even less optimistic about his future, this retailer added.

Lightbulbs, Hosiery Cited As Top GM Profit Makers

Departments stuffed with GM items returning 40-, 50- or 60-percent margins are potential gold mines for independents, and they know it—many reported trying such items, at least on a limited basis.

The $64 question, of course, is, "Is it worth it to tie up shelf space with high-margin items when those items might sit there for months, gathering dust?"

Most independents vote no, choosing fast movers with good margins over questionable movers with gargantuan margins.

Lightbulbs, first in the fast-movement lineup and offering 40-percent margins, fill the bill—more than half of all retailers put lightbulbs on their "Three Best GM Sellers" list, making it the most often cited item.

Hosiery was named a "Top Three" GM profit maker by the second-largest number of respondents. It was followed by flashlights and batteries, stationery and writing implements, and pet accessories.

Magazines and books, also frequently named to the "Top Three" list, were cited most often by small-town operators. One explanation: Small-town stores often corner the publications market; suburban and neighborhood stores, faced with more competition, are forced to share the market with other retail outlets.

Similarly, photo supplies were named to the list by almost a fourth of small-town operators, and by far fewer neighborhood and surburban store operators. Again, small-town operators are probably more assured of a big market share than are the other two store types.

Automotives—meaning motor oil, usually—also were named to the list more often by small-town operators than by the others.

Greeting cards, cited by suburban and small-town operators with equal frequency, were named to the "Top Three" list by few neighborhood stores owners.

ATTRACTIVE DISPLAY and ample margin for discounting make lightbulbs tops in terms of both volume and profit for independent retailers surveyed.

Q. **Which are your 3 BEST SELLING 'OTHER' GENERAL MERCHANDISE items?**

	% Naming in TOP 3			
	All Responses	Suburban Stores	Small Town Stores	Neighborhood Area Stores
(number of replies)	(91)	(43)	(22)	(26)
"Other" General Merchandise				
Lightbulbs	54.9%	65.1%	40.9%	50.0%
Automotive Products	29.7	34.9	31.8	19.2
Magazines/Books	27.5	27.9	40.9	15.4
Flashlights & Batteries	26.4	25.6	13.6	38.5
Hosiery	20.9	16.3	22.7	26.9
Stationery	15.4	14.0	22.7	11.5
Photo Products	15.4	20.9	9.1	11.5
Pet Accessories	11.0	14.0	4.5	11.5
Mops, Brooms	11.0	9.3	9.1	15.4
Kitchen Utensils	8.8	4.7	13.6	11.5
School Supplies	6.6	4.7	9.1	7.7
Greeting Cards	6.6	7.0	4.5	7.7
Disposable Lighters	5.5	7.0	0.0	7.7
Writing Implements	4.4	4.7	0.0	7.7
Kitchen Software	4.4	4.7	0.0	7.7
Glassware	4.4	4.7	4.5	3.8
Other Housewares	3.3	2.3	9.1	0.0
Hardware	2.2	2.3	4.5	0.0
Gloves	2.2	2.3	0.0	3.8
Men's/Boys' Socks	2.2	0.0	9.1	0.0
Yarn	2.2	2.3	4.5	0.0
Toys	2.2	2.3	4.5	0.0
Others*	6.6	7.0	13.6	0.0

* 6 Others named by 1 respondent each.

Source: SUPERMARKET BUSINESS

Q. **Which are your 3 MOST PROFITABLE 'Other' GENERAL MERCHANDISE items?**

	% Naming in TOP 3			
	All Responses	Suburban Stores	Small Town Stores	Neighborhood Area Stores
(number of replies)	(75)	(30)	(21)	(34)
"Other" General Merchandise				
Lightbulbs	50.7%	63.3%	38.1%	45.8%
Hosiery	33.3	36.7	23.8	37.5
Flashlights & Batteries	28.0	26.7	19.0	37.5
Stationery/Writing Implements	20.0	20.0	19.0	20.8
Pet Accessories	17.3	23.3	4.8	12.5
Magazines/Books	16.0	13.3	23.8	12.5
Greeting Cards	14.7	16.7	14.3	4.2
Photo Products	13.3	13.3	23.8	12.5
Automotive Products	13.3	10.0	19.0	4.2
Glassware	8.0	6.7	14.3	8.3
Mops, Brooms	8.0	10.0	4.8	8.3
Kitchen Utensils	8.0	6.7	4.8	12.5
Disposable Lighters	6.7	0.0	9.5	12.5
Housewares	5.3	3.3	4.8	8.3
School Supplies	4.0	3.3	4.8	4.2
Vacuum Bottles	4.0	3.3	9.5	0.0
Clothing	2.7	0.0	9.5	0.0
Gloves	2.7	3.3	0.0	4.2
Others*	16.0	23.3	23.8	0.0

* 12 others named by 1 respondent each.

Source: SUPERMARKET BUSINESS

Real Worlds of General Merchandise

AUTOMOTIVE

CONSUMERS TRUST SUPERMARKETS for motor oil, but lack confidence in other automotives found on supers' shelves, independents report.

Fastest GM Movers: Lightbulbs, Auto Items, Magazines

In terms of fast movement, lightbulbs are the undisputed GM leader, "Real Worlds" found. They're followed by automotive products and magazines, based on frequency of election to the "Top Three Fastest Movers" list.

Independents credit lightbulbs' stellar performance to attractive, efficient display—as well as a lot of room for discounting to make them competitive.

Automotives' strong showing is due to excellent motor oil sales—other products don't fare as well, retailers said. Shoppers have begun to trust supermarkets for quality oil at competitive prices, but lack confidence in other auto items found in supermarkets, one Utah retailer told SB.

"People are willing to drive further and pay twice the price just because they're used to buying these other items in gas stations," he said. "For some reason, they feel a supermarket doesn't have the expertise to give them good quality."

This retailer thinks it will be quite a while before consumers accept the fact they can get the very same products for less money in supermarkets.

Magazines, named third most often to the "GM Best Sellers" roster, were merchandised with a wide variety of skill and effort by independents around the nation, SB found.

Checkout was the usual location for the most popular titles; many operators also gave special sections to supplemental titles and lines. One Sausalito, California retailer built himself a small library-like enclosure near the front of his store. Inviting atmosphere pulled high traffic to this high-profit section, an SB researcher observed.

Other often-cited top movers were flashlights and batteries, hosiery, stationery and photo products.

Q. What is your WEEKLY sales PER SQUARE FOOT for HBA and for other General Merchandise?

	All Responses	Suburban Stores	Small Town Stores	Neighborhood Area Stores
HBA sales per store per week	$1,761	$1,811	$2,427	$1,138
HBA area (sq.ft.)	301	433	235	130
HBA sales per sq. ft. per week	$ 5.85	$ 4.18	$10.33	$ 8.75
Other General Merchandise sales per store per week	$1,869	$1,823	$2,411	$1,497
Other General Merchandise area (sq.ft.)	394	479	379	256
Other General Merchandise sales per sq.ft. per week	$ 4.74	$ 3.81	$ 6.36	$ 5.85
HBA/Gen. Merch. sales per store per week	$3,630	$3,634	$4,838	$2,635
HBA/Gen. Merch. area (sq.ft.)	695	912	614	386
HBA/Gen. Merch. sales per sq.ft. per week	$ 5.22	$ 3.98	$ 7.88	$ 6.83

Source: SUPERMARKET BUSINESS

Out-of-Stocks Point Up Need for More Store-Level Effort

Q. What is Your HBA and Other GM Share of Store Area?

	All Responses	Suburban Stores	Small Town Stores	Neighborhood Area Stores
Total Store Area (sq. ft.)	12,242	12,656	12,101	11,605
HBA Area (sq. ft.)	301	433	235	130
"Other" GM Area (sq. ft.)	394	479	379	256
HBA % of Store Area	2.5%	3.4%	1.9%	1.1%
"Other" GM % of Store Area	3.2%	3.8%	3.1%	2.2%

Source: *SUPERMARKET BUSINESS*

Q. What is your HBA and Other GM Share of Store Sales ($)?

	All Responses	Suburban Stores	Small Town Stores	Neighborhood Area Stores
Weekly Sales per Store	$56,157	$58,580	$59,674	$49,436
HBA Weekly Sales per Store	$ 1,761	$ 1,811	$ 2,427	$ 1,138
"Other" GM Weekly Sales per Store	$ 1,869	$ 1,823	$ 2,411	$ 1,497
HBA % of Store Sales	3.1%	3.1%	4.1%	2.3%
"Other" Gm % of Store Sales	3.3%	3.1%	4.0%	3.0%

Source: *SUPERMARKET BUSINESS*

Abstract debate about loss of control took on concrete meaning for retailers when out-of-stocks came up.

Irritation with the service merchandiser invariably surfaced; few retailers seem to realize they do have some control over the GM/HBA section between his visits.

For example, almost never did SB encounter a retailer who tries to ease a stock-out problem with false backings, by bringing merchandise forward, or by spreading out the facings to cover holes in his displays.

Instead, shelves were left to languish in disarray, and the service merchandiser was blamed: "I can complain about out-of-stocks all I want, but it doesn't get him to bring the stuff in quicker," a Tampa area operator asserted.

"The service merchandiser comes in on Tuesday, so if we have a run on something, by Saturday I'm up a creek," a Phoenix retailer said.

Out-of-stocks were thought to be a problem by 37 percent of neighborhood store owners, 26 percent of small-town store owners and 15 percent of suburban store owners—though again, whether most retailers are in touch with their departments enough even to make such judgments is debatable.

"Real Worlds" analysis pegged service levels at 95.8 percent for GM and 95.5 percent for HBA in small-town stores; 92.8 percent for GM and 93.4 percent for HBA in neighborhood stores; and 92.8 percent for GM and 93.2 percent for HBA in suburban stores.

Need More Lead Time

Competition and lack of enough lead time was blamed by neighborhood and suburban store owners for their poorer showing. "Our routeman tells us, 'Don't worry—you're going to get promotion materials next month,' but a month is a long time, and he never pins it down," fumed a Chicago independent. "Does he mean we'll get the stuff at the beginning, the middle or the end of the month?

"We're in a battle here, and we can't afford to be kept in the dark like that," he concluded emphatically.

Fast market changes and consumer buying switches probably also cause more out-of-stock problems for suburban and neighborhood retailers, who struggle to keep up with them; out of the mainstream, small towns tend to change more slowly, and this no doubt works to the small-town operator's advantage.

One neighborhood operator was particularly critical of his service merchandiser's ability to keep up with his market: "He just doesn't understand the volatile nature of the grocery business at retail level, or the wants and needs of my customers. He really hasn't been able to help me keep up with the Joneses."

Service Merchandisers: A Mixed Blessing?

One of the more astounding—at least to SB's editors and researchers—findings of the "Real Worlds" study was the vast ignorance by all independent retailers of just what goes on in their GM/HBA departments.

When retailers who plan to expand GM/HBA space were asked what would be added, most referred SB to their routemen. Many admitted they don't know enough about the department to participate in deciding what should be added or dropped. In fact, an alarming number couldn't say even what was on their shelves at that moment, let alone what they would be stocking in coming months.

Clearly, the service merchandiser is a mixed blessing—while his expertise and in-store labor can be invaluable, he can also put the retailer completely out of touch with a crucial store category, SB found.

One West Coast operator, for example, apologized profusely to an SB researcher for the poor shape of his GM/HBA department. In fact, his was one of the better merchandised departments the researcher visited and was in excellent shape—the operator simply had no frame of reference or information on which to base his assessment of his own department.

Servicing on Upswing

Even so, "Real Worlds" statistics show more and more retailers are willing to trade control of their GM/HBA departments for freedom from responsibility for it. Purchases from service merchandisers accounted for 47 percent of independents' GM/HBA stock in 1979, up from 44 percent in 1978.

Explained a New Jersey operator, "I have enough problems with the rest of my store. Here's a situation where I know a department will be cared for reasonably well, and I don't have to do it. It seems to be worth it—I'm making money on the section."

Also on the upswing are direct-from-supplier purchases. Direct buying rose from 3.3 percent in 1978 to 3.5 percent in 1979.

Increases in service merchandising and direct buying seem to be at the expense of co-op warehouse purchasing, "Real Worlds" figures indicate. Co-op buying dropped from 44 percent in 1978 to 41 percent in 1979.

The shift toward service merchandising is most pronounced among small-town stores. Sophisticated ordering and delivery procedures implemented by their routemen sit well with these operators, who often are located far from the nearest co-op warehouse and lack confidence in their GM/HBA expertise.

Servicing is also growing among suburban and neighborhood operators, but more gradually.

...But Worry Persists

However, discrepancy between the statistics and gut feelings expressed by retailers in personal interviews suggests that the jury's still out on the service merchandiser question. Despite the statistical drop in co-op buying, operators frequently said they intend to switch to this method of supply—sometime in the future.

This, they stated, will give them better control over their product mix and out-of-stock situation. They know they'll need to increase man hours to compensate for loss of the routeman's services, but believe their personal input can boost sales enough to cover this cost. They'll also save the service merchandiser's seven- or eight-percent fee, they noted.

In short, the attitude often is, "Full control of my GM/HBA is the ideal situation, and that's where I'm headed. But I've got a lot of other things to worry about right now, so I'll let the service merchandiser take this one off my back in the meantime."

Stores that are not serviced have their own problems to contend with, of course. Since GM/HBA is new for many operators, neither they nor their employees have enough experience to wring all possible profit from their departments.

> *"I have enough problems with the rest of my store. Here's a situation where I know a department will be cared for reasonably well, and I don't have to do it."*

So—until the day an independent grocer has all the time and expertise he needs to do all the things he has to do—probably the best advice successful GM/HBA retailers can give other operators is, "Take advantage of the service merchandiser's experience and shelf-stocking skills...but don't forget to do your part, too."

For, far too often, stores sadly neglect their GM/HBA, SB found. Disorganization, haphazard merchandising, ineffective J-hooking, miscalculated product mix and a host of other ills plagued this department. Frequently the product was dirty, poorly-lit and out-of-stock.

Such problems could be largely eliminated with a little retailer attention between service merchandiser visits. Observed one St. Louis operator, "There are better ways to get beaten in this business than to beat yourself with a sloppy, unappealing aisle.

"Our people are constantly going up the GM/HBA aisles to make sure they're in good shape. In this section, we're fighting a supermarket image to begin with—why make it worse by letting it be a *bad* supermarket image?"

TOYS ALONG WITH AUTOMOTIVES were cited more often than any other category as one which independents plan to add to their GM departments.

Q. Which HBA or GM items have you recently added or are planning to add?

	All Responses	Suburban Stores	Small Town Stores	Neighborhood Area Stores
(number of replies)	(60)	(34)	(9)	(17)
HBA Products				
Cosmetics	13.3%	14.7%	22.2%	5.9%
Cough & Cold	1.7	3.9	0.0	0.0
Toothpaste	1.7	3.9	0.0	0.0
Hair Products	1.7	0.0	11.1	0.0
Infant Formulas	1.7	0.0	11.1	0.0
Suntan Lotion	1.7	3.0	0.0	0.0
One or more	20.0%	23.5%	33.3%	5.9%
"Other" General Merchandise				
(number of replies)	(68)	(32)	(14)	(22)
Automotive Products	5.9%	3.1%	14.3%	4.6%
Toys	5.9	6.3	0.0	9.1
Magazines/Books	2.9	3.1	7.1	0.0
Appliances	2.9	3.1	7.1	0.0
Greeting Cards	2.9	0.0	7.1	4.6
Towels	1.5	0.0	0.0	4.6
Clothing	1.5	0.0	7.1	0.0
Kitchen Utensils	1.5	0.0	7.1	0.0
Photo Products	1.5	3.1	0.0	0.0
Soft Goods	1.5	0.0	0.0	4.6
Infant Wear	1.5	0.0	0.0	4.6
Plastic Flowers	1.5	3.1	0.0	0.0
Baby Bottle Brushes	1.5	0.0	7.1	0.0
Crystal	1.5	0.0	7.1	0.0
One or more	30.9%	21.8%	50.0%	31.5%

Source: SUPERMARKET BUSINESS

Cosmetics: First on List Of Planned Additions

Cosmetics lead the list of independents' planned GM/HBA additions. "Franchised fragrances and makeup are doing well for larger stores here, so we're going to give them a shot ourselves this year," a Denver independent told SB.

Of 60 respondents who said they plan to expand HBA, 13 percent will add cosmetics.

Automotives and toys lead the list of planned additions to GM sections. Each received four mentions among the 68 retailers who said they plan to expand GM. Other additions planned are magazines, greeting cards, soft goods, kitchen utensils, photo products, plastic flowers, baby accessories, and crystal.

COSMETICS LEAD THE LIST of planned HBA additions; 13 percent of those retailers who plan to expand said they will add these products to their shelves.

Q. Which are your 3 BEST SELLING HBA items?

	% Naming in TOP 3			
	All Responses	Suburban Stores	Small Town Stores	Neighborhood Area Stores
(number of replies)	(95)	(45)	(23)	(27)
HBA Products				
Toothpaste	66.3%	68.9%	69.6%	59.3%
Shampoo	51.6	57.8	39.1	51.9
Deodorants	35.8	33.3	30.4	44.4
Headache Remedies	33.7	40.0	21.7	33.3
Hair Preparations	27.4	31.1	30.4	18.5
Cough & Cold	17.9	8.9	30.4	22.2
Other Oral Hygiene*	15.8	24.4	8.7	7.4
Sanitary Napkins	7.4	6.7	13.0	3.7
Disposable Diapers	6.3	4.4	8.7	7.4
Shaving Products	6.3	2.2	0.0	18.5
Hand Lotions	5.3	6.7	8.7	0.0
Nail Polish, Cosmetics	3.2	0.0	4.3	7.4
Infant Formulas	2.1	2.2	4.3	0.0
Other Packaged Medications	2.1	0.0	0.0	7.4
Others**	7.4	4.4	4.3	14.8

*Mouthwash, Denture Products
** 7 other items named by 1 respondent each.

Source: SUPERMARKET BUSINESS

Q. What is your MOST EXPENSIVE HBA item?

	All Responses	Suburban Stores	Small Town Stores	Neighborhood Area Stores
number of replies	(93)	(45)	(21)	(27)
HBA Products				
Vitamins	34.4%	37.9%	42.8%	22.2%
Hair Products	17.2	20.0	9.4	18.5
Cough & Cold	7.5	4.4	19.0	3.7
Shaving Products	7.5	6.7	4.8	11.1
Shampoo	6.5	2.2	4.8	14.8
Headache Remedies	6.5	6.7	4.8	7.4
Suntan Lotion	4.3	8.9	0.0	0.0
Cosmetics	4.3	4.4	4.8	3.7
Perfume	4.3	4.4	4.8	3.7

Range of Prices of top 3

Vitamins	$3.00 - $10.00
Hair Products	$2.09 - $ 7.00
Cough & Cold	$2.00 - $ 5.00

Source: SUPERMARKET BUSINESS

"BEST SELLING" AND "MOST PROFITABLE" LISTS both included deodorants; the category placed third on the former and fifth on the latter.

Caution's the Watchword On High-Ticket Items

While SB occasionally encountered an independent who hit the jackpot with a high-ticket item—"I took a gamble when I brought in chaise lounges that retailed for $135....and it turned out I couldn't stock the store fast enough!" one retailer told SB—by and large, the key word is caution.

"Real Worlds" statistics show pots and pans named most often as independents' highest-priced GM offerings. Vacuum bottles, jugs and chests followed. Neither category, however, made the list of top-selling GM items.

Top price quoted by retailers for pots and pans was $14.95; for vacuum bottles, chests and jugs, $18.

In third place, with a price range of $7 to $10, were photo supplies.

In the HBA category, vitamins were named by 34 percent of respondents as their highest-priced item. That vitamins also turned out to be among their slowest movers only serves to underscore that independents' merchandising stress is definitely not on high-end HBA.

In second place were hair preparations, retailing for up to $6; in third, cough and cold remedies, with a top price of $5. Following were shaving products, shampoo, and headache remedies.

In general, independents are conservative, and tend to keep prices at a level they believe their customers can afford: $3, $5 and, at most, $10.

Q. What is your MOST EXPENSIVE 'Other' General Merchandise item?

	All Responses	Suburban Stores	Small Town Stores	Neighborhood Area Stores
(number of replies)	(94)	(44)	(23)	(27)
"Other" General Merchandise				
Pots & Pans	17.1%	20.5%	4.3%	22.2%
Vacuum Bottles, Jugs, Chests	16.0	22.7	13.1	7.4
Photo Products	10.6	2.3	13.1	22.2
Appliances	8.5	11.4	4.3	7.4
Mops, Brooms	8.5	6.8	8.8	11.1
Clocks, Watches	6.4	6.8	8.8	3.7
Lightbulbs	3.2	4.5	4.3	0.0
Garbage Cans	3.2	2.3	4.3	3.7
Tools	2.1	4.5	0.0	0.0
Automotive Products	2.1	2.3	4.3	0.0
Floodlights	2.1	0.0	4.3	3.7
Electronic Toys	2.1	0.0	4.3	3.7
Sneakers, Shoes	2.1	2.3	4.3	0.0

Most expensive item: Microwave Ovens $359.00

Source: SUPERMARKET BUSINESS

FASTEST-SELLING GM ITEMS include mops and brooms, some independent retailers say.

Real Worlds of General Merchandise

Hair Preparations, Toothpaste Called 'Profitable' Most Often By Retailers in HBA Category

Independents know they can't judge profitability of GM/HBA lines on margins alone; the issue's a lot more complicated than that, they recognize.

"I wouldn't call an item that brings in tremendous profit, but sells infrequently, highly profitable item," a California suburban store owner explained.

"If it moves off your shelves only a tenth as fast as an item you make less on, you're much better off with the faster-moving item. Profitability has to be judged by turns as well as percentage."

Naturally, when a fast-moving product also carries top margins, the retailer's got the best of all possible worlds. Hair preparations fall into this category, "Real Worlds" data reveals. These products rank fourth on the list of top HBA sellers (behind toothpaste, shampoo and deodorant), and were most often named by retailers as among their most profitable items.

Toothpaste was the second-most-often cited item in the profitability category; third was cough and cold remedies; fourth, shampoo; fifth, deodorants; sixth, headache remedies; and so on.

"Real Worlds" data shows toothpaste and vitamin profitability to vary dramatically according to store type. More than a third of small-town and neighborhood stores report good profits with toothpaste...but just 16 percent of suburban store operators call this item 'Most Profitable'

In this case, competition's probably the biggest factor—to keep their customers from turning to discount drugstores and mass merchandisers, suburban stores are forced to heavily discount toothpaste.

Vitamins, conversely, get best reviews from suburban stores. A full 30 percent of suburban operators said vitamins are a 'Most Profitable' item, while not one small-town operator and just four percent of neighborhood operators put vitamins in this category.

Why such disagreement? One explanation is that suburban stores usually have larger vitamin selections and don't discount them very much. By contrast, neighborhood and small-town operators seldom give these items much space; nor do they merchandise them aggressively. Consequently, they don't earn much profit on the category.

Q. Which are your 3 MOST PROFITABLE HBA items?

	% Naming in TOP 3			
	All Responses	Suburban Stores	Small Town Stores	Neighborhood Area Stores
(number of replies)	(74)	(30)	(19)	(25)
HBA Products				
Hair Preparations*	41.9%	53.3%	47.4%	24.0%
Toothpaste	29.7	16.7	36.8	40.0
Cough & Cold	27.0	13.3	47.4	28.0
Shampoo	25.7	23.3	15.8	36.0
Deodorants	23.0	13.3	21.1	36.0
Headache Remedies	21.6	13.3	15.8	36.0
Other Oral Hygiene	21.6	40.0	5.3	12.0
Cosmetics	18.9	20.0	15.8	20.0
Sanitary Items	17.6	10.0	31.6	16.0
Vitamins	13.5	30.0	0.0	4.0
Shaving Products	13.5	16.7	5.3	16.0
First Aid Products	6.8	10.0	10.5	0.0
Hand Lotion	6.8	3.3	10.5	8.0
Disposable Diapers	4.1	3.3	5.3	4.0
Antacids	2.7	3.3	0.0	4.0
Others**	10.8	10.0	5.3	16.0

* Excludes shampoos which are listed separately.
** 8 other items named by no more than 2 respondents each.

Source: SUPERMARKET BUSINESS

Crest
Fluoride
Aquafresh
Colgate
GLEEM
Pepsodent
1¢ $1

TOOTHPASTE RANKS HIGH on "best selling" and "most profitable" lists, reflecting retailers' tendency to view profits in terms of movement.

Changes In HBA/GM Space

HBA/GM Space in 1979 (number of replies)	Percent of Response All Responses (58)	Suburban Stores (25)	Small Town Stores (14)	Neighborhood Area Stores (14)
Greater than '78	19.0%	20.0%	28.6%	10.5%
Same as '78	77.6	72.0	71.4	89.5
Smaller than '78	3.4	8.0	0.0	0.0
Total	100.0%	100.0%	100.0%	100.0%
1979 Change in Space	+9.8%	+3.7%	+16.3%	+17.5%

Depts. to have Space Increase in 1980 (number of replies)	Percent Of Response All Responses (49)	Suburban Stores (23)	Small Town Stores (10)	Neighborhood Area Stores (16)
HBA Dept.	20.4%	8.7%	40.0%	25.0%
"Other" GM Dept	20.4%	8.7%	50.0%	18.8%

Source: *SUPERMARKET BUSINESS*

Q. What were your Changes in Sales ($)?

	All Responses	Suburban Stores	Small Town Stores	Neighborhood Area Stores
1979 vs 1978				
Total Store Sales	+9.7%	+7.6%	+15.2%	+8.7%
(Number of Replies)	(69)	(34)	(17)	(18)
HBA Sales	+8.7%	+7.4%	+13.9%	+6.2%
(Number of Replies)	(66)	(32)	(16)	(18)
Other GM Sales	+7.4%	+6.2%	+11.1%	+6.3%
(Number of Replies)	(64)	(33)	(15)	(16)
Expected '80 vs '79				
Total Store Sales	+10.1%	+10.4%	+14.6%	+5.9%
(Number of Replies)	(57)	(28)	(13)	(16)
HBA Sales	+9.4%	+10.8%	+12.4%	+4.3%
(Number of Replies)	(52)	(23)	(14)	(15)
Other GM Sales	+8.9%	+10.7%	+11.8%	+3.7%
(Number of Replies)	(51)	(23)	(13)	(15)

Source: *SUPERMARKET BUSINESS*

Neighborhood Store Distrust Of GM/HBA Crimps Its Sales

In neighborhood stores, a basic distrust of GM/HBA is crimping its sales. Curiously, repeated interviews with these operators turned up this paradox: Retailers are afraid to put GM/HBA in their stores because they fear it will turn customers off... but they put it in anyway, because their customers demand it.

In the words of one Cleveland area operator, "I make sure I have enough space for all my food before I worry about non-foods. My reputation was built on the food I carry—that's what people come to my store for.

"If I hurt that reputation by cutting shelf space to put non-foods in, there goes my reputation, and there go my customers."

Then why does he carry GM/HBA? "I have to, to be competitive."

Older stores—over half of all neighborhood stores visited were more than 20 years old—and older operators expressed a stick-to-foods attitude more strongly than did younger owners of newer stores.

Older operators often said their stores were known to their customers by the food they offer, and to upset that would be dangerous to their business. Competition, actual or imagined, also scares them. "Why waste money on a GM department when you can't win with it?" was the opinion of one Massachusetts neighborhood independent.

"If you have it, you have to advertise it. If you advertise, you have to discount. If you discount, you don't make anything on it, anyway."

Neighborhood operators are convinced shoppers won't buy GM/HBA in their stores, especially when they can get it cheaper at a discounter close by. Consequently, even when they stock and sell GM/HBA, they do so without enthusiasm. "It's a necessary evil," one said.

This attitude, SB's "Real Worlds" survey indicates, is hurting them. And it may hurt more in the near future as gas gets more costly, and more and more shoppers ask themselves, "Why should I waste my time and 10 cents' worth of gas to save five cents on a bottle of shampoo?"

The answer: the neighborhood independent may still not be carrying their favorite brand. ■

Competition in Market Area

(number of replies)	All Responses (92)	Suburban Stores (42)	Small Town Stores (23)	Neighborhood Area Stores (27)
Major Competition From				
Other supermarkets	87.0%	85.7%	82.6%	92.6%
Convenience stores	60.9	64.3	47.8	66.7
Discount Drug Chains	46.7	54.8	39.1	40.7
Mass merchandiser	27.2	23.8	17.4	40.7
Box stores	12.0	9.5	17.4	48.1
Other	2.2	2.4	0.0	3.7
	*	*	*	*

* Does not add to 100% because of multiple replies.

Source: *SUPERMARKET BUSINESS*

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Will Your Ad Fly or Flop? How to Tell –Page 16

PROFITABLE FACTS, TRENDS, IDEAS, PRODUCTS FOR THE GROCERY INDUSTRY

Supermarket Business

FORMERLY SUPERMARKETING

Inside this issue

- **How Party Platters Can Build Profits—Page 18**
- **Cosmetics Brighten HBA Picture—Page 42**
- **Forward-Buy Strategies That Work—Page 54**

APRIL 1980

23 Buyers Report:

HBA Grabs 4% of Sales From 2.3% of Store Space

by Joe Allen, general merchandise editor, and Marianne Faybik, market research manager

NEW YORK CITY—Favorable shopper response to expanded selections of cosmetics and diet aids is a key reason why health and beauty aids will snare over four percent of grocery store sales this year.

That, at least, is the impression conveyed by respondents to SUPERMARKET BUSINESS' latest annual HBA survey.

This year, information was provided by 23 buyers representing 1,340 stores. According to respondents, HBA sales rose 11 percent in 1979, with another 14 percent jump projected for 1980.

Last year, HBA brought in 4.08 percent of store receipts from 2.37 percent of store space. Buyers expect the sales figure to reach 4.33 percent by the end of 1980.

Meanwhile, average weekly HBA sales per square foot is pegged at $7.48, compared to $4.35 for the entire store. The average store in the sample had weekly HBA sales of $3,959.

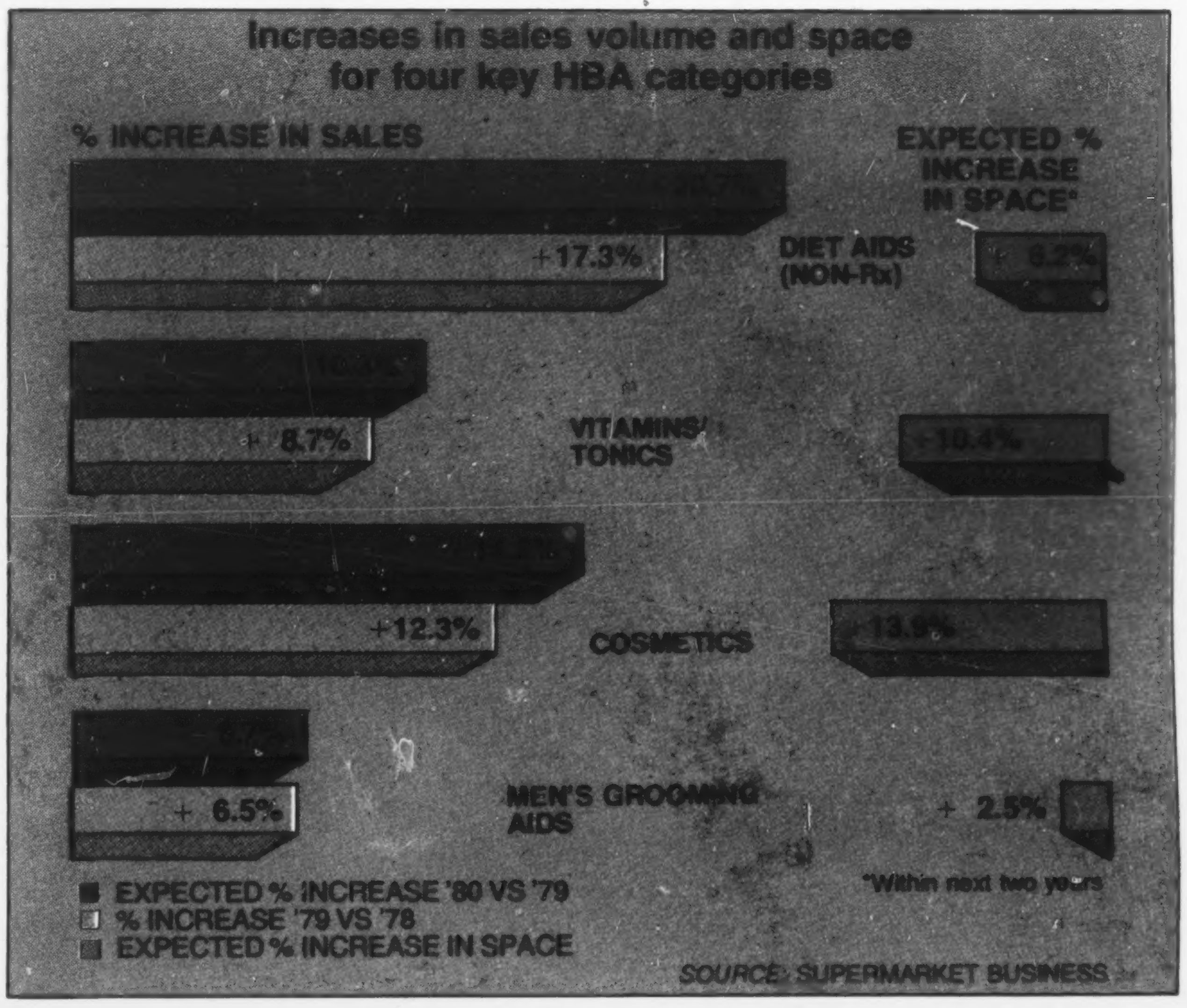
HBA's healthy sales/space ratio led most buyers in SB's survey to project growth in the HBA department over the next two years. Few buyers said they would cut space in any category.

"HBA is providing 'X' amount of sales on 'Y' amount of space," said the HBA buyer from a New Jersey chain. "It's logical to assume that to accommodate all the increases in individual categories, we're going to have to expand in some way."

Cosmetics, dieting aids and vitamins were given close attention in the study, and they all turned in very encouraging figures.

■ Cosmetic sales rose by 12.3 per-

■ *Continued on page 32*



SOURCE: SUPERMARKET BUSINESS

Knowing What's In Food You Sell Will Give You an Edge

by Cheri Harris, Cheri Harris Associates

SACRAMENTO—The grocer who can answer shoppers' questions about the food he sells will have a decided edge in the 1980's over competitors who can't, if the number of consumers who answered recent requests for labeling input is any indication.

Consumers went by the hundreds last year to hearings throughout the U.S. to tell a panel of FTC, FDA and USDA regulators just what information should be included on food labels.

Thousands of other consumers who didn't attend these hearings sent written testimony to be entered directly into the hearing record. Testimony totalled approximately 10,000 statements.

The point this makes? Consumers—not just "consumer activists" but the real, live people who shop in your store daily—are growing more and more concerned about what's in the foods they buy. They're concerned enough to

■ *Continued on page 28*

Specialty Foods Give Chain Distinctive Flavor

by Judie Crosson, midwest editor

CHICAGO—The same merchandising flair put to work at Saks Fifth Avenue and Bloomingdale's makes nine Treasure Island food stores here especially appealing to a similar market—upper-income, free-spending shoppers with a taste and thirst for adventure.

A lavish smorgasbord of foreign foods and wines; colorful, boutique-like store departments designed to resemble European specialty shops; and a judicious sprinkling of gourmet general merchandise season the T.I. group with a distinctive Continental flavor.

Located mostly near the part of the city's lakefront known as "Millionaire Mile" and in high-income suburbs, T.I. stores draw their customers chiefly from luxury highrises and condominiums. The T.I. group, founded with one store in 1961, strongly reflects the tastes, philosophy and interests of its owners, partners Frank Kamberos, president; his brother, Christopher, secretary - treasurer; and Bill Allen, vice president.

Most T.I. stores range from 22,000 to 28,000 square feet; the exception is a 15,000-square-foot unit in Wilmette, a suburb north of Chicago. One noticeable difference between T.I.'s stores

■ *Continued on page 8*

A PARISIAN STREET? No, it's the outside of a Treasure Island supermarket in Chicago. Food from around the world and Continental ambiance draw upper-crust shoppers.

Diet Aids Capture More Attention As Volume Surges

by Robert D. Rauch, assistant editor

NEW YORK—Surprised and delighted by the dramatic sales surge of diet aids, supermarketers are taking another look at what has become one of the fastest-growing HBA product categories.

Sales volume of over-the-counter appetite suppressants jumped more than 30 percent last year, and is expected to score equally impressive gains during the 1980's.

Once found almost exclusively in drug stores, diet aids are capturing more and more shelf space in food stores. Some retailers inteviewed by

■ *Continued on page 40*

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Vol. 35 No. 4 A GRALLA PUBLICATION APRIL, 1980

In this issue...

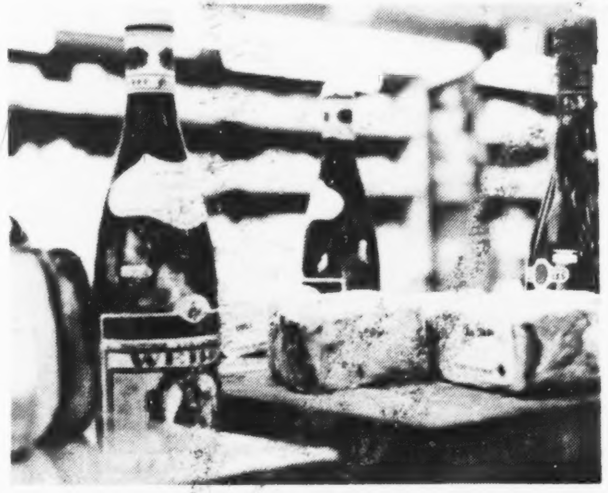
Food

Know Your Food To Gain Edge 1

Specialty Foods Give Stores Distinct Continental Flair 1 ▶

Aggressive Meat Pricing Increases Store Sales 27% 4

Try Party Platters to Perk Deli Profits, Awareness 18



General Merchandise

Special Section: HBA Grabs 4% Of Sales from 2.3% of Space 1 ▶

Diet Aids Attract Notice As Volume Surges 1

New Ads, High Margins Boost Cosmetics Space 42

Inventory Cuts Worsen Out-of-Stock Headaches 44

COMPARE AND SAVE

Operations

Simple Calculations Reveal Promos' Financial Impact 12 ▶

Return-on-Net-Worth Shows Investment Growth 12

Will Your Ad Flop or Fly? 3-Question Test Tells You 16

Use Forward-Buy Formula To Find Cost vs. Benefits 3

Regular Columns

The Publishers's View 3

Advertising Arena 14

Successful Store Planning 20

About Labor Scheduling 23

Technology Challenge 26

Meat Board 27 ▶

Management Ideas 30

The Publisher's View

Here Are 10 Ways To Win The Time Management War

by Howard Rauch

Effective time management—for many of us a highly elusive goal—has become a hot seminar/workshop topic in recent years, and I'm sure it will be scheduled for a run at some upcoming grocery convention.

Meanwhile, if you're in the same boat I am, your paperwork load has been mounting up, you have more people to deal with than ever before, there are more meetings eating into your schedule...and wading through all of this and getting some work done too can really be considered an accomplishment.

This month, I'd like to depart from my usual practice of discussing the grocery business so I can focus on time management. It's a personal area where I'm convinced I can do a much better job; maybe some of you feel the same way.

A few weeks ago, I heard a consultant, Anthony J. Allessandra from La Jolla, California, discuss time management at a workshop focusing on 10 "time wasters." I consider myself a time management freak to some degree; Alessandra advises against that, and had several new angles to present.

So for those of you scrapping to win your own time management war, here are some sage words courtesy of Tony Alessandra:

(1) *Paperwork.* Resist the temptation to handle paperwork, particularly mail, several times. Open mail only when you have time to take action. One idea is to put a check mark on a piece of paper every time you pick it up. You may be surprised to find how often you're handling the same item.

(2) *Poor physical fitness and diet.* You must make time to exercise. For every hour you invest in exercise, you will get two solid hours of productivity in return.

(3) *Perfection.* Some jobs have to be perfect, but they are few and far between. So if you tend towards perfectionism, stop every once in a while and ask: What will happen if I don't give this project 100 percent? The answer may be—"probably nothing."

(4) *Distractions and interruptions.* Some of us invite these, especially if our desks are facing traffic flow. If you have an office with a door, leave it partially open. People will know you're in, but they don't have an open invitation to visit.

(5) *Meetings.* Calling meetings can become an addiction which must be resisted. When someone wants to involve you in a meeting, ask for the objective. Knowing that, perhaps you can propose another way to handle the matter, like via telephone.

But if you decide that a face-to-face meeting is important, postpone it to "non-prime time"...such as prior to lunch or before quitting time. "Prime time" is when you're most efficient; avoid meetings then.

Furthermore, if a meeting is necessary, have a detailed agenda with starting and ending times—and distribute the agenda in advance, indicating specific time periods allocated to each agenda item. After the meeting, distribute a memo reviewing decisions made and responsibility delegated.

(6) *Procrastination.* Unfortunately, the more important the task, the more we put it off. Therefore, take big tasks and break them down into identifiable sub-parts. Then set an implementation schedule.

(7) *Quantity or quality?* If you have a "to do" list, don't look for quantity. Cross off items that are low priority. Once you've determined what jobs are high priority, arrange them on your list in order of priority. And be sure to finish item one before going to item two.

In fact, you should set a policy that you can't skip an item unless you hit a roadblock and need more information.

(8) *Overcommitting yourself.* High achievers tend to overcommit; they say "yes" too often, and end up juggling too many things at one time. You should have a plan that furthers your goals and objectives; part of that is learning to say "no" in a nice way.

(9) *Inability to delegate.* Too many of us put too much emphasis on *doing* rather than *managing.* If you have an assistant or secretary, delegate work *without strings attached.* Don't pull a task back at the slightest sign of fumbling. Allow mistakes.

(10) *Miscommunicating.* Use two-way communication. Make sure you understand what is expected of you—and make sure others understand what you expect of them. ■

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Buyers Predict Cosmetics Will Snare 17.2% Of HBA Volume This Year, Up From 15.7% in 1978

■ *Continued from page 1*

cent in 1979 and are expected to increase by 14.8 percent this year.

■ Dieting aid volume was up more than 17 percent in 1978 and is expected to rise another 20.7 percent in 1980.

■ Vitamins and tonic sales rose 8.7 percent last year and are expected to gain an additional 10.3 percent by year-end.

Cosmetics Show Strong Growth

In the stores covered by SB's survey, cosmetics accounted for 15.7 percent of total HBA sales last year, up slightly from 15.5 percent in 1978. Buyers expect cosmetics to snare 17.2 percent of HBA volume this year.

"There's plenty of room for this category to expand in the coming years," a midwest HBA buyer told SB. "We're just starting to see where we'll be able to go with these items. We haven't even begun to see what men's products can do. I think it's going to be a big factor in the 80's, perhaps even getting five percent of total general merchandise sales."

The average increase in cosmetic space in the sample stores was a hefty 13.9 percent.

According to the respondents, the growth in cosmetics is getting a strong push from expanding perfume and fragrance sales. In 1978, only 11.8 percent of the surveyed stores carried any kind of fragrances or perfumes. Last year the figure jumped to 17.6 percent. By the end of 1980 it is expected to reach 23.5 percent.

The expansion seems to signal a willingness on the part of buyers to tackle the supply problems that come with the category, including the reluctance on the part of some manufacturers to sell to supermarkets.

Perfumes and fragrances also showed the greatest growth in terms of the number of brands carried by the sample stores. In 1978, the average store selling fragrances carried 4.5 brands. By the end of this year, that number will increase to just under seven, buyers said.

The fastest-moving cosmetic categories were lipstick, nail polish and eye makeup. Seventy percent of the respondents named lipstick as one of the three top movers, while 65 percent listed both nail polish and eye makeup.

Meanwhile, lipsticks, nail enamels, eye shadow, makeup bases, blush makeup and face creams were all carried by more sample stores last year than in 1978. More than 75 percent of the buyers said they carried such products in 1979, a substantial increase over the previous year.

Dieting Aids Catch Fire

Another category making strong gains is dieting aids. The growth is coming largely on the strength of heavy manufacturer advertising support as well as consumer trust in the products' safety. Manufacturers say their studies show users of these products include men and women, many of whom are not greatly overweight, but just interested in shedding a few pounds.

> *"We haven't even begun to see what men's products can do. I think they're going to be a big factor in the 80's, perhaps even getting 5% of total general merchandise sales."*

As a result, the growth figures for the sample stores look like this: In 1978, 31 percent carried tablet dieting aids. By the end of this year, 73 percent will be stocking such products.

Liquid dieting aids have also jumped dramatically. By the end of this year, according to respondents, 57 percent will be carrying liquid dieting aids, compared to just 15 percent in 1978.

Candy-type dieting aids were carried by 26 percent in 1978. By the end of this year, the figure is expected to reach 59 percent.

Since tablets are the most popular way to take dieting aids, more brands were carried in this form than in any other type of appetite suppressant. Sample stores are carrying an average of 5.4 brands this year compared to 2.2 brands in 1978. In liquid form, the sample stores stock two brands this year as opposed to one brand two years ago. The figures for candy dieting aids are two brands this year and 1.6 brands in 1978.

The popularity of dieting aids, some buyers say, can be traced in part to good merchandising. Colorful displays by most leading manufacturers aim to capitalize on shopper impulse buying.

"We already have the person looking for a specific product or brand," said an Alabama-based HBA buyer. "These displays seem to turn on the shopper who takes a look and says, 'What the heck. I'll give it a try.'"

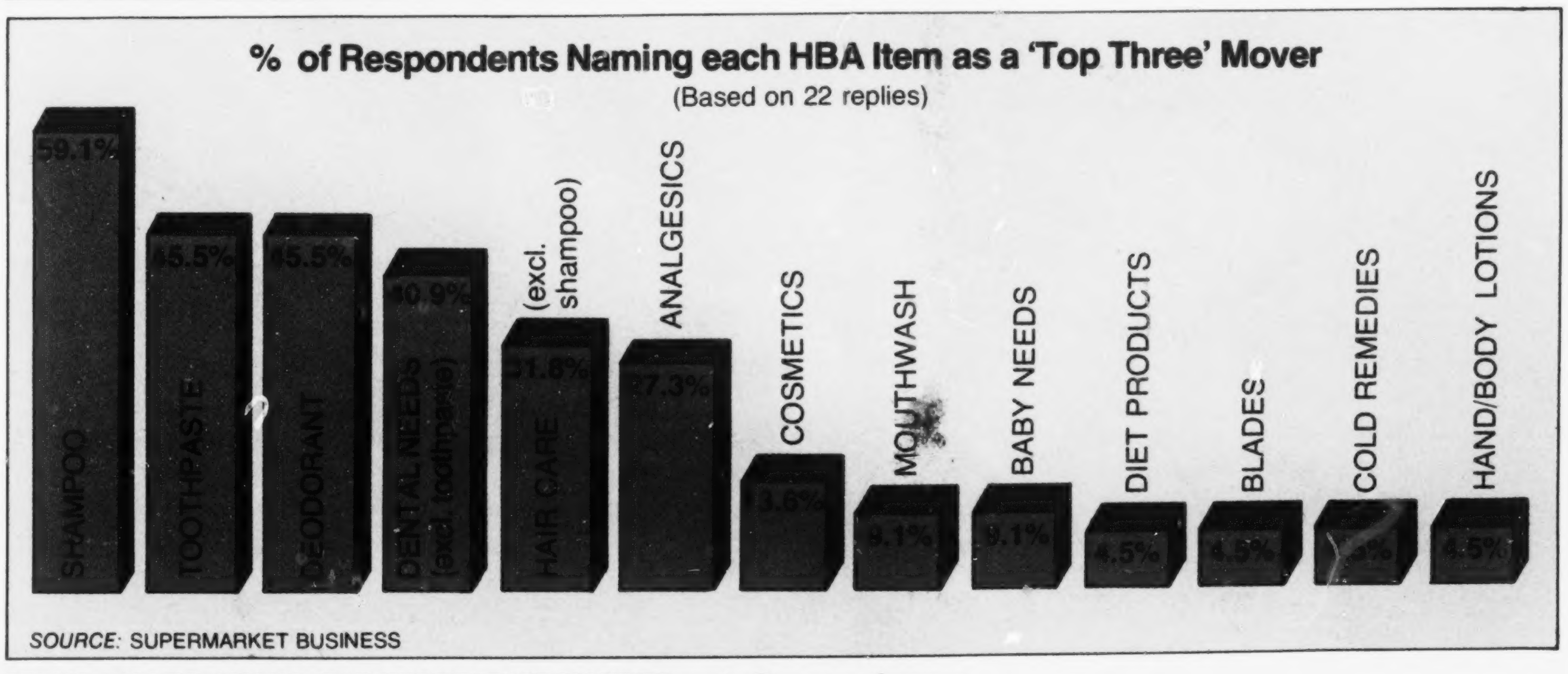
Vitamins, Tonics Surge

Another category enjoying hefty supermarket gains is vitamins and tonics. Buyers report that the category showed an 8.7 percent sales growth in 1979. They anticipate another 10.3 percent increase this year.

What's selling? Of those interviewed, half said they carry a private label vitamin, and the rest stock only established brands. Of those not carrying a private label, however, 36 percent said they planned to introduce one sometime in the next two years.

The average store in the sample carries 8.8 brands of vitamins including private labels. The relatively large

■ *Continued on page 34*



SOURCE: SUPERMARKET BUSINESS

ITEMS CALLED AMONG 'TOP THREE' FAST MOVERS most often were shampoo, toothpaste and deodorant. Cosmetics, while named to the "Top Three" list by a smaller number of buyers, was singled out as one of the fastest rising stars of the HBA category.

Shampoo, Toothpaste Called Best by 45% of Buyers......

■ *Continued from page 32*

number of brands results in a choice between reducing specific types of vitamins to fit available space or increasing space. More stores appear to be choosing the latter course.

"It's hard to carry a full line of all the different brands of vitamins available," a California-based HBA buyer commented. "The category doesn't move fast enough to warrant a tremendous increase in space, so we either limit the number of brands or cut the specific number of vitamins within each brand.

"More likely, though, we will compromise, increasing the size of the department slightly and cutting back on the slower-moving vitamins."

The buyer said vitamin sales were rising enough to merit a closer look at the space allocated to the category.

Overall, the survey showed that space given to vitamins is expected to increase 10.4 percent in the next two years.

Shampoo Tops Best-Sellers

In the battle for best-selling HBA category, shampoo, toothpaste and deodorants led all others. Fifty-one percent of the respondents named shampoo among the top three sellers. Both toothpaste and deodorants were named to the best-seller list by 45 percent of the buyers. The top three sellers were followed by dental needs, hair care products (excluding shampoo), analgesics, cosmetics, mouthwash, baby needs and dieting aids.

"Once you get past the top products, it's all a matter of how you promote the stuff," said the HBA buyer from a Maryland chain. "People are always going to buy toothpaste and shampoo, but the doubt comes in other categories. The 'maybes' are the ones you can do something extra to boost sales."

Within HBA sections, soaps, shaving products and other toiletries carry the lion's share of total sales. The category accounted for 24.9 percent of HBA sales in 1979, virtually identical to the 1978 figure. However, buyers expect that share to dip slightly in 1980.

Non-prescription drugs come next in terms of share of total HBA sales. Non-advertised O-T-C ethicals rose almost a point in share last year. Respondents expect that percentage to hold steady this year. First aid products showed the biggest loss of share, dropping from 18.5 percent of total HBA sales in 1978 to a projected 16.6 percent this year.

Men's Grooming Aids Promising

In the men's grooming category, cologne, after-shave lotion, hair spray and shaving cream are the clear leaders.

"This is a slower moving category, but one we have a lot of hope for," the buyer for a New York chain said. "There's going to have to be more advertising support for some of the less popular items to bring sales up. Three or four products are making most of the noise."

The survey showed somewhat disappointing results for hair coloring items, with no growth in the number of stores selling the category. In fact, most men's grooming aids show little growth in terms of number of stores that carry them.

But distributors contacted by SB said men's grooming aids are on the verge of real growth.

"We intend to go great guns with men's grooming aids," said a large Northwest distributor. "We've already made the space for it in our warehouse. Look for it to do well by the year's end."

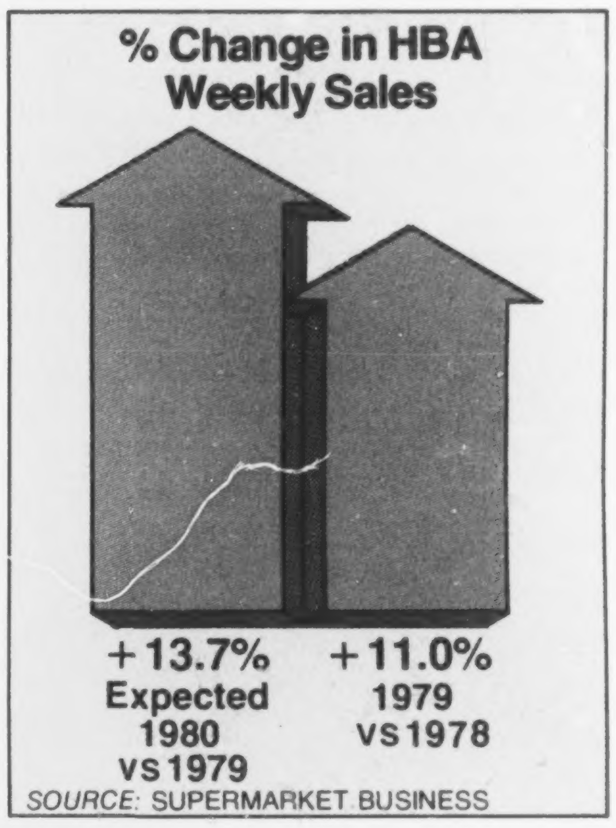
Buyers Divided on Slow-Movers

How do the chains handle slow-moving HBA items? SB's survey found wide variations on the amount of time the buyers were willing to keep such merchandise on their shelves before pulling it.

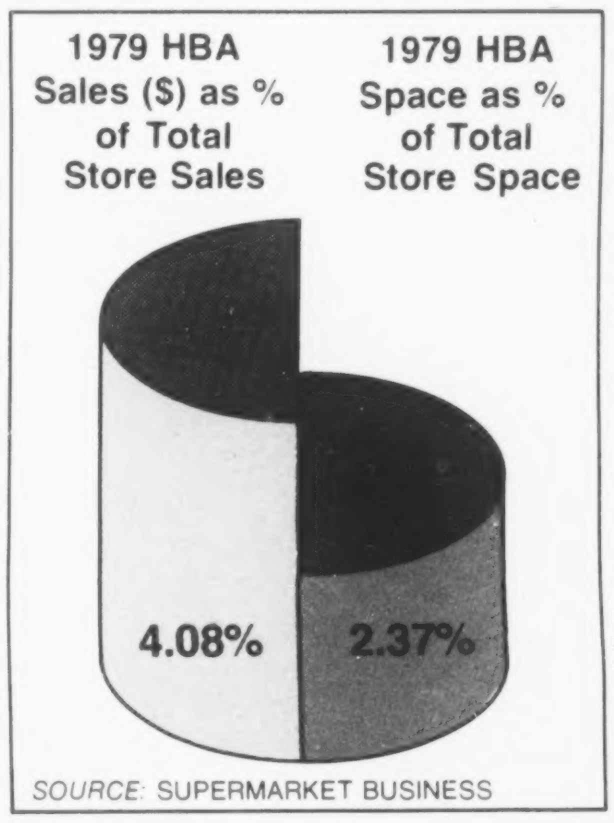
While some buyers said their companies have a strict enforcement policy—jettisoning the product if it fails to move in two weeks—others

■ *Continued on opposite page*

% Change in HBA Weekly Sales

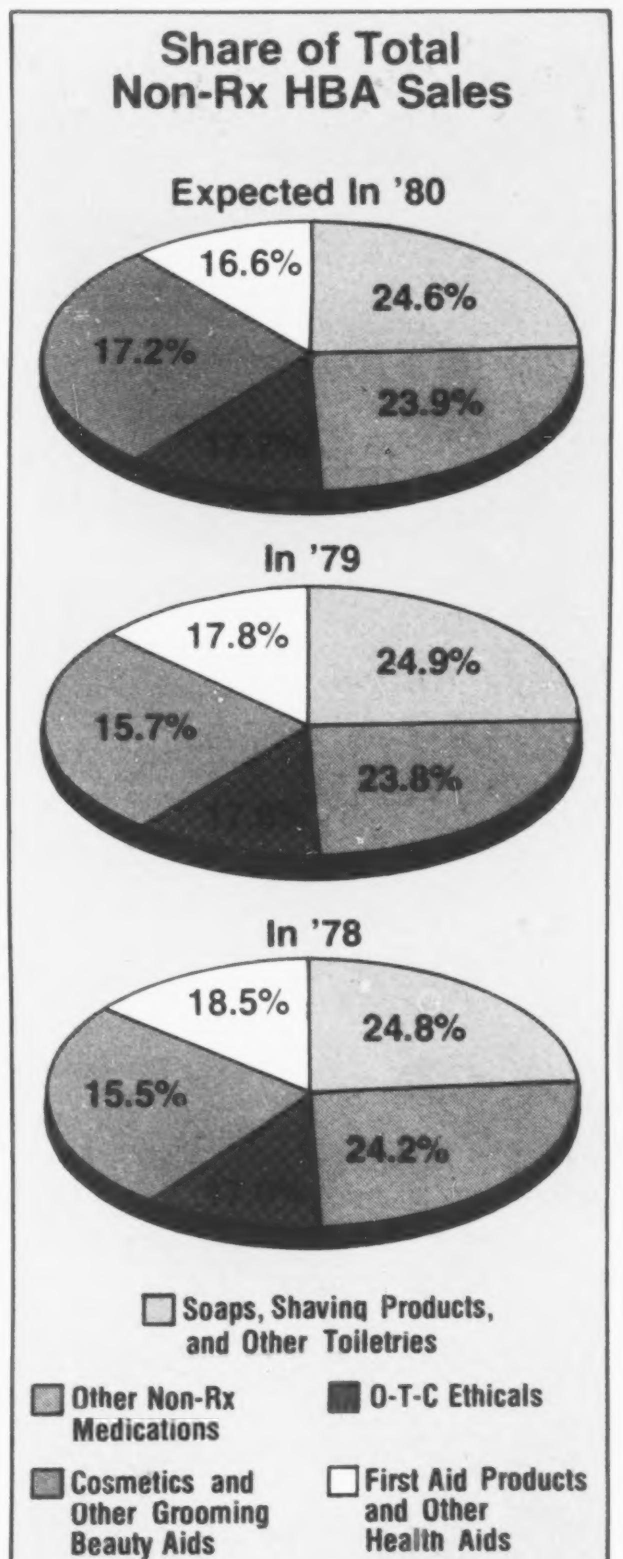


SOURCE: SUPERMARKET BUSINESS



SOURCE: SUPERMARKET BUSINESS

Share of Total Non-Rx HBA Sales



SOURCE: SUPERMARKET BUSINESS

...Followed by Deodorant, Dental Needs, Hair Care Items

■*Continued from opposite page*

said they give a product at least six months and sometimes even a year to see if any movement can be generated.

A third of the respondents put themselves in the less restrictive camp. "HBA products are funny sometimes," the head buyer at a Florida-based chain said. "Sometimes the item will not move at all, and then, without any rhyme or reason, take off. If you force the item too quickly, you're liable to lose out when it hits. On the other hand, it may never hit."

As a result, the Florida buyer subscribes to the six-month theory of movement.

Just under 30 percent of the respondents said three to four months is ample time to see if a product is going to move. Eleven percent said two months is enough, and another 11 percent said they will give a product up to a year to prove itself.

Six percent said five months is enough, and the same percentage prefer the short, two-week experiment.

Of those stores that do not have in-store pharmacies, just under six percent said they expect to add such a facility within the next two years. HBA buyers said a pharmacy helps to increase sales not only in over-the-counter ethical drugs but throughout the entire health and beauty aid department.

SB's survey found sample stores are inclined to maintain their health and beauty aid section in an aisle near the registers. Others have a HBA aisle, but integrate merchandise throughout

■ *Continued on next page*

Characteristics of the Sample

Replies from 23 HBA buyers of companies operating	**1,340 stores**
Total 1979 sales per sample store:	
Weekly	**$ 97,031**
Annual	**$5,045,612**
Total 1979 sales for entire sample	**$6.16 billion**
Average selling/display area of sample store	**22,306 sq. ft.**
Average size (sq. ft.) of HBA department	**529 sq. ft.**
Weekly 1979 HBA sales for average sample store	**$3,959**
Weekly sales per square foot:*	
Total store	**$4.35**
HBA department	**$7.48**

*** Excluding back room and other storage space.**

"Of the cosmetic categories you carry, which are your 3 FASTEST movers?"

(Based on 20 Replies)

	Percent of Response*
Lipstick	**70.0%**
Nail Polish	**65.0**
Eye Makeup	**65.0**
Face Creams	**30.0**
Lotions	**10.0**
Blush	**5.0**
Hair Aids	**5.0**
Cologne	**5.0**
Face Makeup	**5.0**

*** Adds to more than 100% due to multiple replies.**

Source: SUPERMARKET BUSINESS

ARE AND SAV
UNTY

DISPOSABLE FACT #12

AMAZING GROWTH PREDICTED FOR DISPOSABLE SHAVERS

"Gillette's execs, once certain that the disposables market would never exceed 10%, now expect it to top out at 25%. Bic execs are predicting a peak of 40%—and they have been right far more often than Gillette when estimating the disposables market."
David Pinto, Chain Drug Review, 2/11/80

SHOULDN'T YOU REPLACE THE BLADES THAT AREN'T SELLING WITH THE SHAVER THAT IS.

BIC® shaver

Circle No. 28 on product card

Other Supers, Discounters Called Strong Competitors

> *"We can beat the discount store if we stay well coordinated, have our shelves working near capacity and have the mix people want (because) customers would be doing themselves a disservice by not buying these items in supermarkets."*

■*Continued from preceding page*

the store—particularly at the front end.

Since theft is considered by many buyers to be more of a threat in the HBA section than in other departments, the survey found that particular care is taken to position the section where it can be seen best by store employees.

"We've been targets for theft on so many occasions that we're almost out of ideas on how to stop it," a store manager in a major Minnesota chain said. "We're going to experiment with segregating the section even more and have someone try to keep an eye on it all the time."

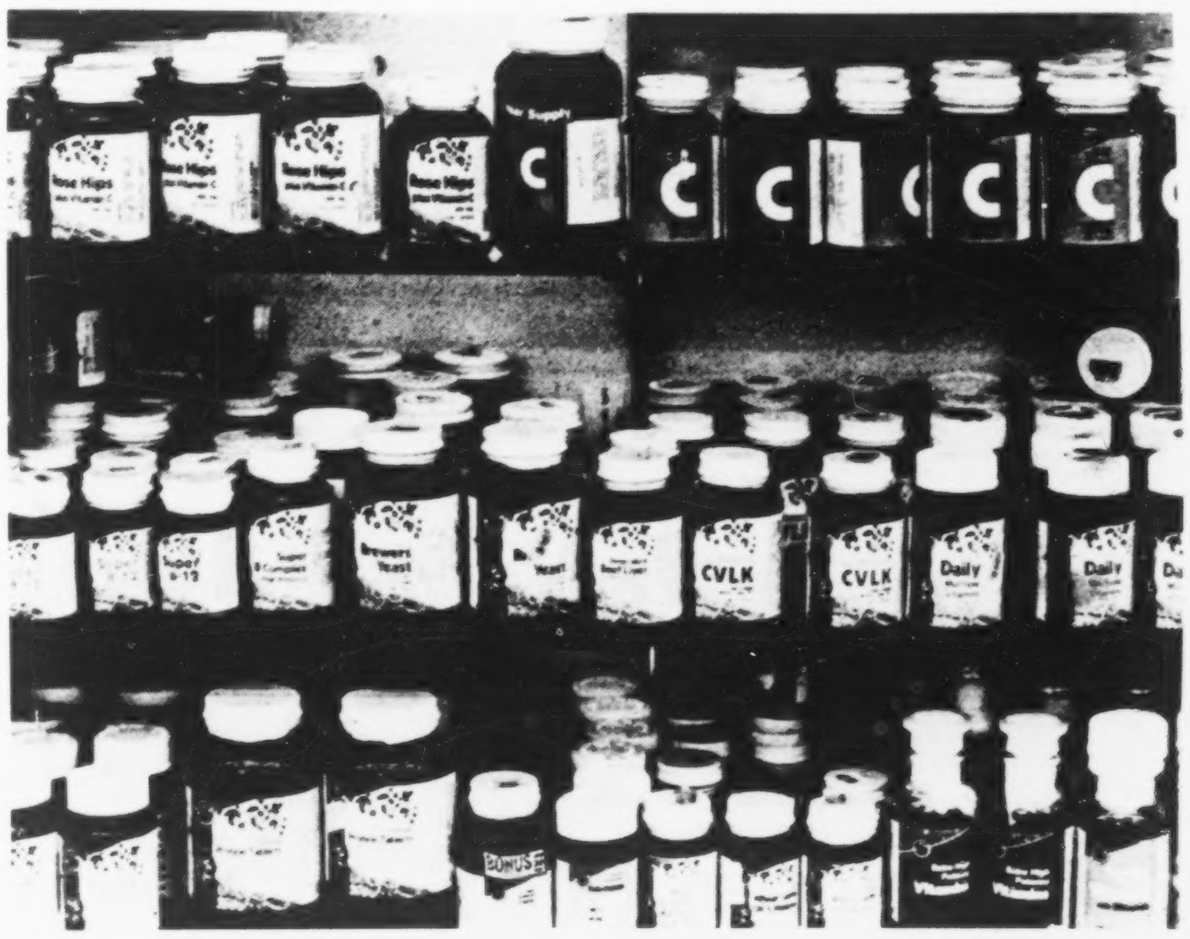
In response to a question about competition, the majority of the buyers pointed to other supermarkets, discount outlets and drugstore as the most serious threats. Only 18.2 percent said they competed heavily with convenience stores.

"We can beat the discount store," one buyer from Arizona said, "if we stay well-coordinated, have our shelves working near capacity and have the mix people want.

"They (the customers) would be a heck of lot more convenient."

doing themselves a disservice by not buying these items in supermarkets," the buyer continued. "There is not that much difference in price, and it's

The buyer said that as long as stores keep up to date on trends, price fluctuations and buying habits, they will be in a competitive position." ■



"Which of the following types of DIETING AIDS do you carry?"

(Based on 19 Replies)

	Percent of Response		
	in 1980	in 1979	in 1978
Appetite Supressants			
Tablets	73.7%	57.9%	31.6%
Liquids	57.9	36.8	15.8
Candy-Type	59.9	57.9	26.3
Other (non-Rx) Dieting Aids	15.8	15.8	15.8

Source: *SUPERMARKET BUSINESS*

"Which of the following types of COSMETICS and other women's beauty aids do you carry?"

(Based on 17 replies)

	Percent of Response		
	in 1980	in 1979	in 1978
Lipstick	76.5%	76.5%	52.9%
Nail Enamel	82.4	82.4	64.7
Eye Shadow	76.5	76.5	52.9
Makeup Bases	76.5	76.5	52.9
Blush Makeup	76.5	76.5	52.9
Face Creams	88.2	88.2	70.6
Perfumes/Fragrances	23.5	17.6	11.8

Source: *SUPERMARKET BUSINESS*

"How many BRANDS of each of the following dieting aids do you carry?"

	Avg. Number of Brands		
	in 1980	in 1979	in 1978
Appetite Supressants			
Tablets	5.4	3.4	2.2
Liquids	2.0	1.7	1.0
Candy-Type	2.0	1.6	1.6
Other (non-Rx) Dieting Aids	3.0	3.0	2.7

Source: *SUPERMARKET BUSINESS*

"How many BRANDS of these cosmetics do you carry?" (For those carrying any)

	Avg. Number of Brands		
	in 1980	in 1979	in 1978
Lipstick	3.7	3.0	3.0
Nail Enamel	3.3	2.9	2.5
Eye Shadow	3.1	2.5	2.4
Makeup Bases	2.3	2.0	1.9
Blush Makeup	2.3	1.9	1.9
Face Creams	3.7	3.3	3.5
Perfumes/Fragrances	6.8	5.3	4.5

Source: *SUPERMARKET BUSINESS*

"Which of the following types of MEN'S GROOMING AIDS do you carry?"

(Based on 19 Replies)

	Percent of Response		
	in 1980	in 1979	in 1978
Men's hair coloring	42.1%	42.1%	42.1%
Men's hair spray	84.2	84.2	78.9
Men's skin creams	52.6	47.4	47.4
Men's cologne	78.9	78.9	73.7
Men's after-shave	94.7	94.7	94.7

Source: *SUPERMARKET BUSINESS*

"How many BRANDS of each of these men's grooming aids do you carry?" (For those carrying any)

	Avg. Number of Brands		
	in 1980	in 1979	in 1978
Men's hair coloring	1.9	1.4	1.4
Men's hair spray	4.5	4.3	4.3
Men's skin creams	2.5	2.6	2.4
Men's cologne	4.9	4.3	3.6
Men's after shave	5.7	5.7	4.8

Source: *SUPERMARKET BUSINESS*

New Supplier Ad Campaigns, High Margins Prompt Cosmetic Space Hikes of 5-50%

by Joe Allen,
general merchandise editor

NEW YORK CITY—Cosmetics are making noise in HBA sections. With new consumer awareness concerning beauty, large-scale advertising by manufacturers, and margins running in the mid- to upper-30 percent range, retailers are finding it attractive to set up and build cosmetics categories.

The cosmetics outlook is extremely good from the point of view of both the distributor and the retailer, a few of whom are reporting sales growth of 50 percent or more.

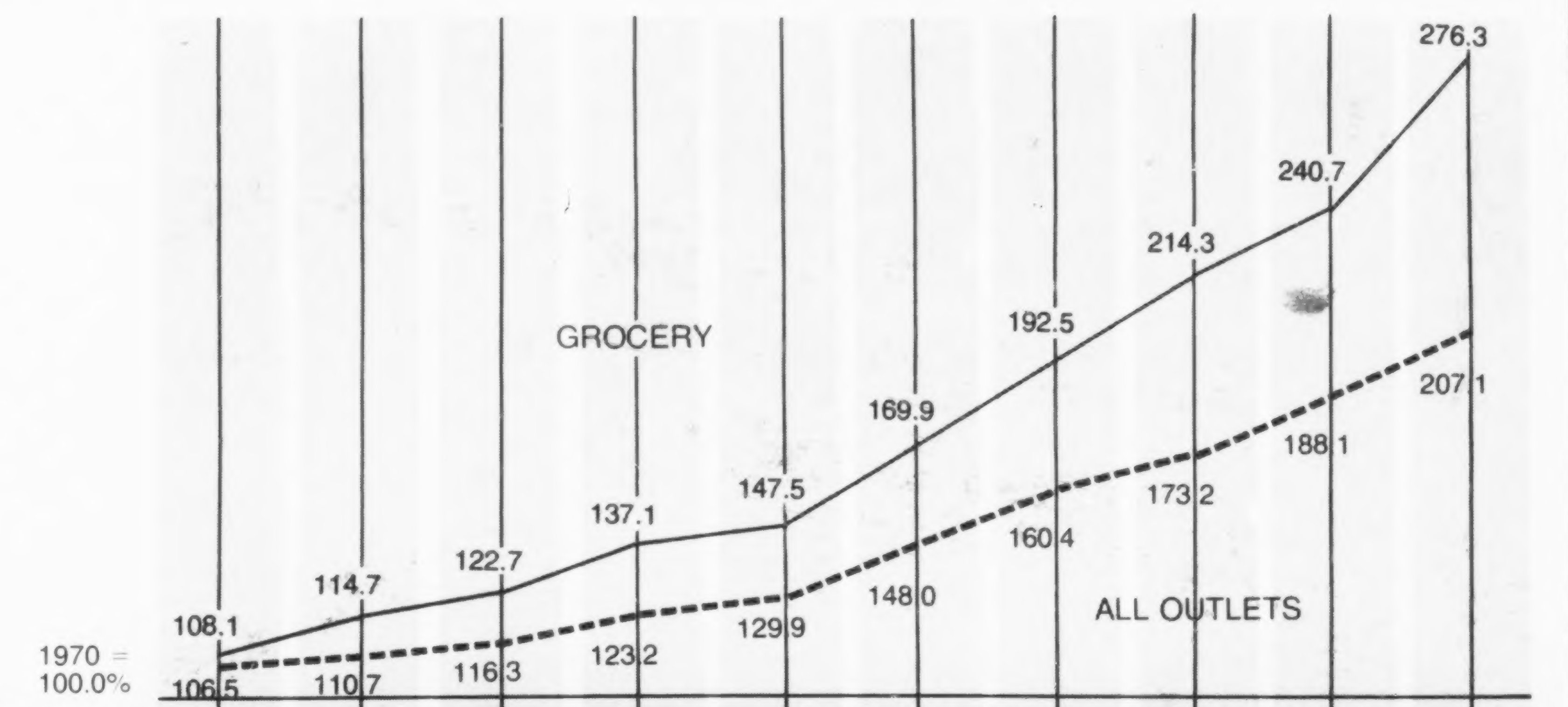
Most distributors interviewed by SUPERMARKET BUSINESS said they were making more space in their warehouses to accommodate a larger, more diverse inventory. Most retailers questioned said they showed significant increases in sales during the past year and expected the trend to continue. Accordingly, many are increasing the size of their cosmetic departments anywhere from five to 50 percent.

Enthusiasm for cosmetics may be spilling over from women's products to men's grooming aids, a category just entering its own in the view of some distributors and retailers. Introductions of some new products, refinements of older ones and lateral movement within established categories have resulted in increases in sales and space allocation plans, although not as dramatic as in women's cosmetics.

Year-Round Inventories

Large-scale cosmetics inventory has not always been a year-round activity. In the past, distributors often carried extensive cosmetics and franchise fragrance assortments only during the Christmas holiday season, letting the category deplete itself in the early part of the year. Now, some of those distributors are carrying such categories all year.

Index Of Cosmetic And Hand Product Sales ($) In All Outlets And In Grocery Stores Alone. (1970 = 100.0%)



% CHANGE FROM PREVIOUS YEAR	1971	1972	1973	1974	1975	1976	1977	1978	1979*	1980*
GROCERY	+ 8.1	+6.1	+7.0	+11.7	+7.6	+15.2	+13.3	+11.3	+12.3	+14.8
ALL OUTLETS	+ 6.5	+3.9	+5.1	+ 5.9	+ 5.4	+13.9	+ 8.4	+ 8.0	+ 8.6	+10.1

**From 1980 HBA Survey. All other estimates from CES studies*

Spartan Stores (Grand Rapids, Mich.) is one such distributor. "It's basically a new category for us," said HBA buyer Fred Morganthal. "In the past, we would bring in franchise fragrances only during the holiday season. This year, we brought them in for the same holidays but are keeping our inventory going the entire year.

"We had been successful with some over-the-counter drugs and other health and beauty items more associated with drug stores so we decided to gamble with franchise fragrances and more expensive cosmetics. It's not so much a gamble as it is a willingness to get into it on a grander scale."

One reason for Spartan's greater involvement in cosmetics is the belief that having those products on hand will encourage shoppers to buy other things, according to director of purchasing Chuck Losey.

"Women come in knowing they need lipstick. While they're there, they'll remember they need other products, too," Losey observed.

Manufacturers' advertising is also a factor, he continued. "With the amount of money manufacturers are spending on advertising, companies like Maybelline are pretty familiar among shoppers. It makes it a lot easier for shoppers to buy," Losey said.

Jeannette Hershey, assistant manager and buyer at A.W. General Merchandise (York, Pa.) said year-round cosmetics are new to her company, too. "In the past we've had some nail polish, a couple of items like Lip Quencher, but nothing very extensive.

"We wanted to have cosmetics for a while but we just didn't have the space," Hershey said. "We moved into a new warehouse where we have the space to do what we want with that category. We want to expand our cosmetics program because we can see the whole thing really taking off."

Definitely Has a Place

Another distributor recognizing the potential in cosmetics is Wetterau (Desloge, Mo.) HBA buyer Bill Woolsey admitted that "up until now, we haven't done too much with cosmetics. It's an item you have to have space designated for. It can too easily get shoved aside."

But Wetterau, recognizing that "it definitely has a place on supermarket shelves," has apparently decided to create the space for cosmetics, Woolsey added. In the past three months, he said, Wetterau has spent a lot of time revamping its cosmetics program. "We've been working on a combination of things. We are trying to decide what new items to add and are exploring the possibility of adding a few new lines in the future."

Woolsey said Wetterau's new cosmetics program will be ready within two months.

In the past, consumers have been tentative on cosmetics purchases in supermarkets, and year-to-year sales increases have been inconsistent over the past decade. Despite the inconsistency, supermarkets' sales rose at higher rate than other cosmetics outlets for the entire period, according to SB's annual Consumer Expenditures Studies.

In 1971, cosmetics sales in all outlets rose by six percent. In supermarkets, that figure was 13.5 percent. In 1972, all outlets rose 4.4 percent while supermarkets showed a 6.6 percent gain. In 1976, both sales figures jumped—all outlets by 13.9 percent and supermarkets by 15.2 percent. In 1979 supermarket sales in cosmetics rose by 12.3 percent and in 1980, HBA buyers project a 14.8 percent gain.

Most chain buyers interviewed said their 1979 growth in cosmetic sales was between 10 and 20 percent. For 1980 buyers foresee increases ranging from five percent up to a staggering 100 percent.

Three Items Move Best

According to an HBA buyer for a Syracuse, N.Y. chain, lipsticks, eye makeup and nail polish were the best movers. The buyer said his cosmetics departments carried 30 different shades and/or brands of lipstick, 30 shades and/or brands of eye makeup and 60 colors and/or brands of nail polish. He also said he was looking forward to a 50 percent increase in the space allotted to cosmetics.

An Alabama store's HBA buyer said 1979 cosmetic sales were 50 percent higher than they were in 1978. He predicted 1980 increases will be just as high. "We've had to increase the size of our cosmetics department by 20 per-

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cent in order to sell everything people want. It's really been a hot category for us," the buyer said. Nail polish, lipstick and face creams were the hottest items in his stores.

A Baltimore-based chain's HBA buyer said he will add 15 percent more space in order to keep up with increased demand. He said cosmetics are accounting for close to five percent of his general merchandise sales.

An HBA buyer for an Arizona-based chain said his 1979 sales increases in cosmetics topped 10 percent. He predicted the figure will jump to 20 percent during 1980. To keep up with the demand, the category will be receiving an additional 10 percent of space.

"Lipsticks and eye makeup are our best categories," the buyer said. "Within six to eight months we are going to kick off a major push in that area and we hope to exceed our perdictions."

Limited Space a Problem

A buyer at a Minnesota chain said space has been a problem in the past. "We've seen cosmetic sales increase by five to ten percent in the past few years with the limited space we have. What we're going to do is double or triple our offerings in the next year. Since space is limited, more offerings will mean fewer stock-keeping units and more re-stocking. It also means running the risk of creating stock-out problems," the buyer said.

As was the case with many other stores contacted, lipstick and nail polish were the best-selling items for this chain although blushes made the top three.

Cosmetics sales jumped more than 25 percent in one West Coast chain, according to its HBA buyer. The projections are for another 20 to 30 percent hike this year as well. "It's going very well right now," the buyer said. "There's some excellent coordination going on. We're being supplied well, our customers are finding what they want and we're moving an awful lot of cosmetics. We're going to increase the size of our departments in most of our stores by about 25 percent," the buyer added. Lipsticks, nail polish and eye shadow once again were the fastest movers.

Slower Gain for Men's Products

What about men's grooming aids? While most stores acknowledge an improvement in sales over a few years ago, it doesn't come close to the activity in womens' cosmetics.

According to those interviewed, sales of men's grooming aids were up an average of 6.5 percent last year and will rise another 6.7 percent this year. Buyers also expect to see the category gain an additional 2.5 percent of space in the next two years.

The most popular men's items are colognes and after-shaves, with almost every store contacted reporting the pair were the best sellers in their grooming aids departments.

Hair sprays are considered hot items as well by buyers who cited shorter and neater men's hairstyles as a reason. There is a rebirth in hair tonics, too, according to buyers. Traditional hair products such as Vitalis and Brylcreem are selling strongly.

The jury is still out on the success of men's hair colorings. Some store buyers and distributors say hair coloring is moving very well, while others say it is among their least effective movers.

Franchise cosmetics (examples of which are Jovan, Revlon, Dana, Tabu and Cache) are growing in popularity in supermarkets, but some are difficult to get, some distributors say. "Franchise cosmetics are up and coming in supermarkets," said Spartan's Losey. "Some manufacturers, though, are still unwilling to sell to supermarkets."

Losey's comments were echoed by another distributor, who told SB, "Manufacturers still are under the impression that they will cut down on their sales in other outlets or have the image of their products hurt by selling to supermarkets."

In order to supply stores with the popular franchise items, distributors are obtaining supplies however they can, taking advantage of deals when possible or working through diverters.

"We have to get them because our customers want them. It's not as easy coming up with some of the items, but it's worth it because they move," one said.

In the midst of the hoopla surrounding cosmetics and franchise fragrances, many chains and independents don't feel the space devoted to cosmetics will bring a justifiable ROI. Since space is a valuable commodity, HBA buyers and other retailers are often hedging on what to do with cosmetics. "We're a grocery store selling primarily grocery products," said Jim Frakes, HBA buyer at Fare Way Stores (Boone, Iowa). "Consequently, we devote most of our space to grocery products. We have to carry HBA products for our customers, so we do. But we've overextended ourselves in the HBA category, giving it more space than we feel is helpful. As a result, we're avoiding cosmetics entirely."

It's the opposite view, however, that's prevailing in HBA sections. With consumer and manufacturer support, and with solid margins possible, more and more retailers are beginning to feel that cosmetics are an important part of their HBA departments. ■

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The Academy of Food Marketing Needs Your Support!

The Academy of Food Marketing of Saint Joseph's University, Philadelphia, is establishing a $3 million endowment fund, to provide income for current and future programs, as well as for future growth.

The Academy, which prepares young people for management careers in the food and allied industries, was established in 1962, with status as a separate department of the University. It has now grown to become the largest of six such programs at colleges and universities in the United States. The curriculum for a major in food marketing covers all aspects of the food industry from agricultural economics to consumerism. The progressive gains in student enrollment (currently 350), have enabled the Academy to achieve a standing as the third largest major on the campus, and an alumni of 538 since the first graduating class in 1966.

The Academy receives special support and counsel from an Industry Board of Governors, whose members work very closely with the Administrators of the College and with the two full-time administrators of the Academy.

Operating expenses for administering the Academy's programs and activities include research conducted by students and faculty, a professionally staffed Food Marketing Library, part-time and summer work for students, individual student counseling, placement of graduates, college reimbursements for supporting services and industry relations. Income for these programs has been primarily generated by two citation dinners held each year. Although these dinners have been well supported by the food and allied industries in the past, there is a need to establish a more stable financial base to perpetuate the administration of the Academy and its special programs. An endowment fund is being created for this purpose.

Peter F. McGoldrick
President and Chief Executive Officer
ACME MARKETS, INC.
Chairman Endowment Fund

"I have accepted the chairmanship of Food Marketing's Endowment Fund because it is important that our food and allied industries have a dependable educational base. We must have sources of highly qualified young men and women whose all-encompassing educations have prepared them to become the future managers of our businesses. It is my conviction that the Academy of Food Marketing provides us with young people who possess the intelligence and determination to be leaders. But more importantly, they possess the integrity . . . in the form of a high, personal ethical philosophy . . . that is needed in our businesses and in our nation."

Joseph J. Saker
President and Chairman of The Board
FOODARAMA SUPERMARKETS, INC.
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"Our success in the years ahead will depend, to an important degree, on the availability of large numbers of intelligent, highly motivated and well educated young people who are attracted to our businesses by the knowledge, experiences and interest developed during their matriculation in food marketing university programs."

When a member of the Academy's Board of Governors, or his representative, contacts your company and asks for your contribution to this fund, please give generously. Remember that a gift to the Academy of Food Marketing Endowment Fund is an investment in the future of the food and allied industries.

PROFITABLE FACTS, TRENDS, IDEAS, PRODUCTS FOR THE GROCERY INDUSTRY

Supermarket Business

FORMERLY SUPERMARKETING

Inside this issue...

- **Energy Saving Still Top Refrigeration Priority—Page 31**
- **In-Store Survey Can Increase Sales 20%—Page 51**
- **Microwave Foods to Grow 10+% in 1980—Page 66**

MAY 1980

8 Categories Key Targets of Space Shuffle

By Anne Krueger, field editor and Marianne Faybik, market research manager

NEW YORK CITY–Eight supermarket categories were identified as space management "hot spots" in a recent SUPERMARKET BUSINESS survey of 74 companies operating 4,285 stores.

The vital areas—cheese, magazines, paper products, pet food, canned goods, frozen baked goods, frozen pizza and frozen prepared foods—were pinpointed as requiring special attention in the supermarketer's battle to squeeze profits from every square inch of his store.

Attention given to these areas varies. Space decreases are slated for one category in one store while more space is being allotted for the same category in another store.

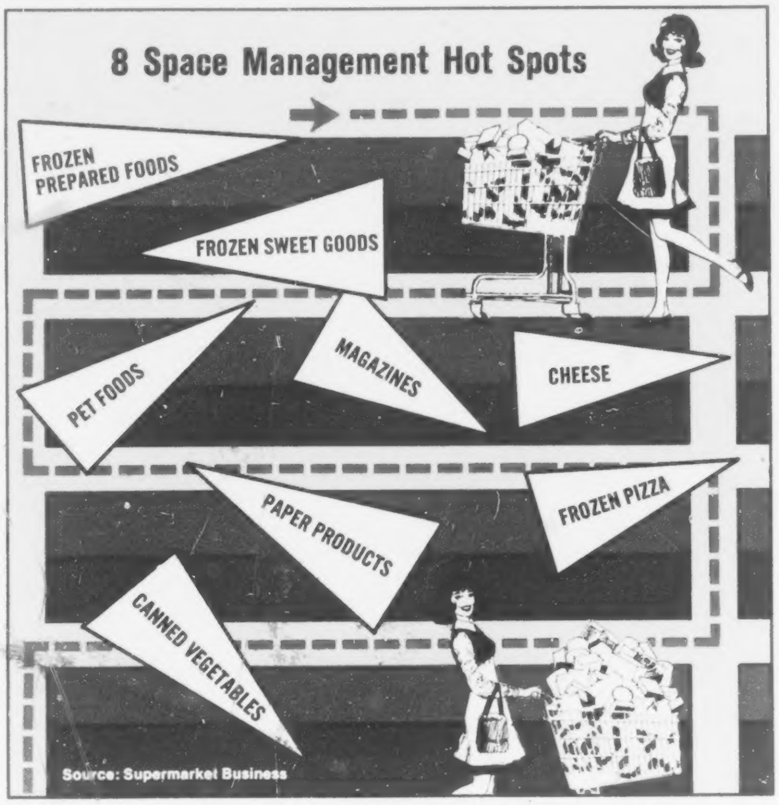
Space management theories vary all across the lot, with most respondents relying on computer printouts and using space-to-inventory turn and space-to-sales ratios to shed light on their strengths and weaknesses.

One thing was clear, whatever the context: Space management will be stressed more in 1980, according to 87.8 percent of the polled sample. It will have to be, to allow supers to continue functioning profitably, respondents asserted.

How a super exec decides to allot store space is not necessarily an accurate indicator of his commitment to store profitability. Surprisingly, some very successful large and small operations used to allot a great deal of space in accordance with whimsy and such considerations as backroom placement. Most are now, out of necessity, turning to more scientific methodology, the SB survey showed.

Those who don't base space alloca-

■ *Continued on page 56*



Source: Supermarket Business

Productivity, Inflation Key Issues at FMI

by Bruce Buckley, editor

DALLAS—How to cope with galloping inflation and flagging productivity will be much on the minds of thousands of supermarketers attending the Food Marketing Institute's annual convention here May 4-7.

FMI has scheduled 45 "idea workshops" designed to give convention delegates the ammunition they need to help offset rising costs with improved efficiency.

"It is going to take extensive operational and technical innovation to achieve the productivity gains we need," said FMI president Robert O. Aders. "Firms will have to find ways to make more productive use of the resources they already have—plant, labor and equipment."

"With interest rates as high as they are and costs like energy eating into the gross margin," Aders said, "it isn't going to be easy."

But he added that he was optimistic. He noted that one way to improve workers' efficiency was to make them

■ *Continued on page 15*

Good Positioning Builds Independent's Profits

by Carol Fensholt, managing editor

EDINA, Minn.–When Kroger pulled out of an unprofitable 20,000-square-foot unit here, independent operator Jerry Paulsen remodeled and enlarged it, moved his headquarters store in last year—and now racks up annual sales of $15 million from 40,000 square feet of selling/display space.

The 24-hour, seven-day Jerry's Foods store is just one of eight successful supermarkets Paulsen has built in the competitive, affluent Twin Cities area

How does he do it? In terms of image and decor, Paulsen positions himself between luxurious Byerly's, also headquartered here, and a plethora of price/item chain stores.

When it comes to quality, though, Paulsen positions himself second to none. Beneath the new 60,000-square-foot headquarters complex (including offices, drugstore, dress shop and restaurant), he operates a scratch bakery, where 30 employees work 14 to 16 hours a day making over 300 kinds of baked goods for the supermarket upstairs.

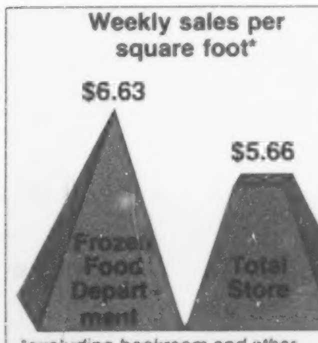
Adjacent to the bakery is the Midwest's only in-store sausage plant, where 75 to 100 varieties of fresh sausage and luncheon meat are made weekly for Paulsen's stores and in-store restaurants.

Fresh seafood, including live Maine

■ *Continued on page 38*

OVER 300 KINDS of baked goods, including a line of variety breads, are baked in-store, Jerry's Foods owner Jerry Paulsen tells a shopper and her daughter.

Energy, Space Management, Training Called Biggest Frozen Food Challenges



**excluding backroom and other storage space*

SOURCE: SUPERMARKET BUSINESS

by Peggy Odenbach, associate editor and Marianne Faybik, market research manager

NEW YORK CITY—As the golden anniversary of frozen foods peaks this year, many supermarketers are taking a closer look at the profitability of frozens in the 1980's.

Still faced with many of the old problems of the past decade, retailers are looking for ways to (1) save energy in their frozen food departments, (2) determine the right space allotment for various frozen product categories, (3) reduce out-of-stocks, and (4) better train store-level personnel who stock this key profit center.

■ *Continued on page 62*

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In this issue...

Food

Frozen Food Survey: Energy, Space Are Top Concerns 1 ▶
Salads, Fruit Trays Bring 32-33% Returns 20
Microwave Foods to Grow 10+% in 1980 66

General Merchandise

Ethnic HBA Sales Hurt By Misconceptions 26
Number of Deals Available May Confuse Consumers 28 ▶

Operations

Emergency Strike Plan Can Keep Business Going 9
Chain Enters '80's With Professional Programs 22 ▶
Computerized Shutoff Cuts Energy Use 10-15% 36

Special Section

Space Management Survey Locates 8 "Hot Spots" 1 ▶
Give and Take of Space Management 59
"When It Moves it Makes Money," Expert Says 60

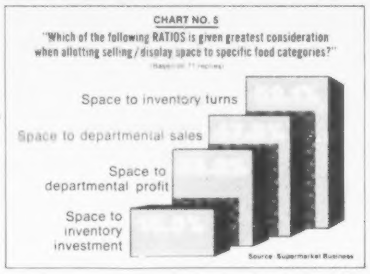


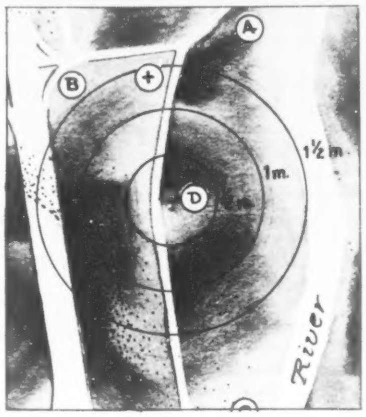
CHART NO. 5

"Which of the following RATIOS is given greatest consideration when allotting selling / display space to specific food categories?"

Source: Supermarket Business

Regular Columns

The Publisher's View 3
Advertising Arena 19
Technology Challenge 44
Management Ideas 48
Creative Merchandising 49
Store Planning 51 ▶
Supplier Perspective 78



The Publisher's View

New Merchandising Rules Are Being Written Daily

by Howard Rauch

With greater sophistication being pumped into our computer systems, and with the prospect of over 2,000 scanning stores by the end of this year, new merchandising rules probably are being written almost every day.

And this rule-writing procedure has quite a few people worried. Buyers fear that they will forfeit clout to data processing specialists. Manufacturers are concerned that "by-the-numbers" merchandising—focusing only on fastest movers and highest profit producers—will knock some worthwhile items off the shelf.

But remember—the headline of this editorial states that the rules *are being written*. Therefore, everybody concerned has a chance to make some input. What's needed, apparently, is for more parties to do less worrying and more inputting.

Otherwise, we will have rules developed that many of us will be unable to live with.

During the recent NAWGA convention, I had the chance to discuss "computer-ism" merchandising—one of my favorite subjects—with several involved people.

One impression carried away from such conversations was that, yes, merchandising will become more of a joint decision. But buyers have the chance to provide the standards from which data processing people can develop necessary programs. Manufacturers, too, have a stake in all this, so they must get involved somehow in rule-making activity.

Another matter raised at NAWGA stemmed from a top-notch workshop on how to use computers for better buying. SUPERMARKET BUSINESS carried a report on that workshop in our April issue, but there are some afterthoughts.

For example, there was considerable workshop focus on forward buying. Some people wonder what will happen when everybody has developed computer techniques that maximize forward-buying opportunities.

Manufacturers, it's believed, must gear up for such a possibility. An era where every grocer is capitalizing on deal opportunities raises some very interesting questions of supply and demand.

Keeping to the theme of new merchandising rules, I'd like to call your attention to this month's space management survey report which starts on page one. We have data from 74 companies operating over 4,000 stores; this kind of response reflects some very keen interest in the subject of picking winners and losers.

What is interesting is the lack of uniformity in focus. Categories slated for expansion at some chains are scheduled for space reduction by other retailers.

This suggests that merchandising decisions still require some individuality by region and even, perhaps, by store. So the urge to make across-the-board merchandising decisions based on computer analysis must be tempered.

"Positioning" is yet another aspect of computerized merchandising. Its principles will be intoned more by suppliers seeking an edge as the merchandising rule-making process continues. Buyers can expect to see an onslaught of computerized data from manufacturers showing that category X accounts for three times the sales of category Y, but is accorded only one-third the space.

Many new "X" people will surely mount offensives. The wise people in the "Y" group must prepare to defend their positions.

If you're interested in some statistical aspects of "positioning," we have made some projections out through 1990 showing share of store sales and share of total food and/or non-food sales for several selected categories.

Write to me on company letterhead and request our "Digging Into the 80's" report. I'll send you a copy right away.

Supermarket Business

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SB SPECIAL REPORT

Space Management Vital For a Profitable 1980

Better management of space has come to the forefront as a viable way to increase productivity, as supermarketers battle to squeeze profits from each square inch of store space.

Why? Because climbing interest rates, the energy crunch and high occupancy costs are contributing to escalating store operating expenses, they said. Because product introductions keep coming but store expansion doesn't always follow. And because the competition just gets tougher and the consumer is as convenience-oriented and as budget-minded as ever.

SB's poll indicates super execs believe space management—whatever its form—can decrease out-of-stocks, pinpoint weak movers and bring method to the supermarket madness.

Reporting of the survey results begins on page 1 of this issue. Space management expert Eric Oesterle adds his comments on page 60, and specific space management shifts are outlined on page 59.

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Dog Food
CAT FOOD
CHICKEN
FROZEN CHICKEN Entree
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Frozen
Pot Pie
COTTAGE CHEESE

Space Management

Eight 'Hot Spots' Need Special Space Attention

■ *Continued from page 1*

tion on unscientific "gut" feelings, tend to rely on computer printouts from some source other than scanners. 90.1 percent of the SB sample indicated this was their main source of space revision data (See chart no. 6, next page).

18.3 percent of the respondents relied on scanning info as well as computer data and seven percent indicated they relied on "other" information. The "other" was most often described as manufacturer space studies.

Of the computer data group, most respondents rely on what they call velocity reports. "We issue velocity reports that show best-selling items by category. From these we've found a great deal of our sales are produced from a limited number of products," a midwestern wholesaler said. "We issue the reports every 16 weeks and retailers have told us they couldn't get along without them—that's a good indication to us that they're becoming more and more concerned about the use of their space. In these high-cost times, they have to, just as we do in our warehouses," he pointed out.

Those stores with scanning in full operation (about 18 percent of the sample) have the advantage of getting an item-by-item movement report enabling accurate product tracking.

"Scanning in 72 of our stores will be implemented soon," one super exec said. "After implementation, we'll be able to evaluate product movement more easily. We'll be receiving a printout that indicates item movement from highest to lowest. It'll really help us weed out the 'dogs' and identify faster turners so we can adjust space accordingly."

Most respondents, with or without scanning, agree that the effect of scanning on space management will be significant.

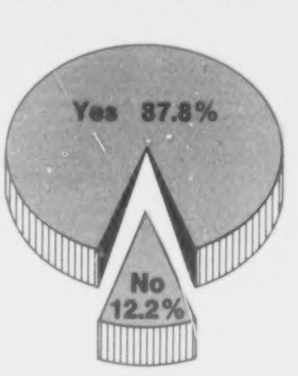
"We're small," one retailer lamented. "Scanning is way in the future for us, but I still find it to be very exciting. With it, I foresee much better space allocations and fewer out-of-stock situations."

52.1 percent of the respondents give the most consideration to space-to-inventory-turns ratios when allotting selling/display space in their stores (See chart no. 5, next page). 47.9 percent said they use a space-to-departmental-sales ratio. Many respondents use more than one ratio but attach more importance to one or the other.

"Item movement is the big consideration," an operations exec said. "Gross margin dollars or departmental profit is obviously also considered, but it's the item turnover that really tells all for us." If a product doesn't move, there won't be any profits, he stressed. "We're in a squeeze, you know—of space and profits. Whatever the margin, space must somehow be

CHART NO. 2

"Will you be stressing SPACE MANAGEMENT techniques more strongly in 1980?" (Based on 74 replies)

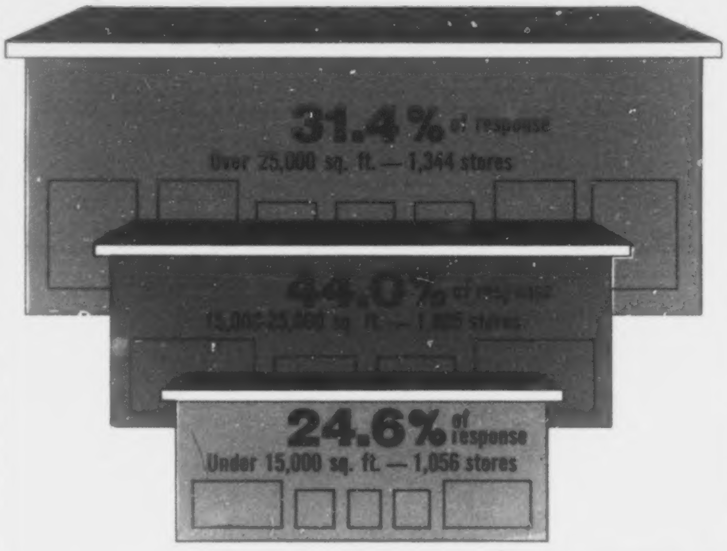


Source: Supermarket Business

CHART NO. 1

Characteristics of the Sample

74 companies operating 4,285 stores

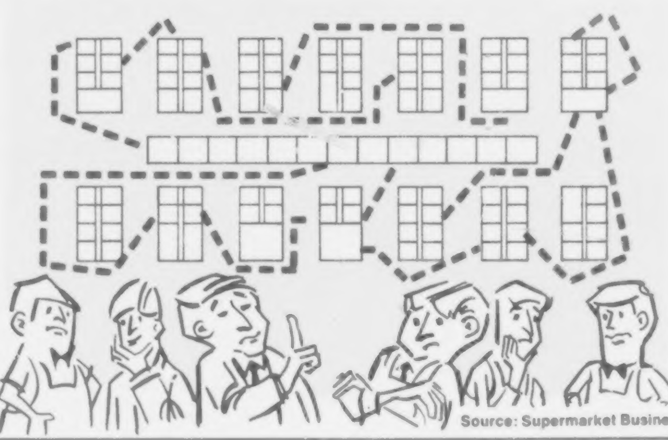


Source: Supermarket Business

CHART NO. 3

"How many times per year do you review space allocation / plan-o-grams for each of the following NON-FOOD categories?"

Expected in 1980		1979	% Change
Other General Merchandise	3.0	2.7	11.2%
Household Supplies	2.8	2.5	10.2%
Health & Beauty Aids	3.5	3.2	7.9%
Pet Foods	3.3	3.1	7.6%
Tobacco Products	3.3	3.1	4.8%

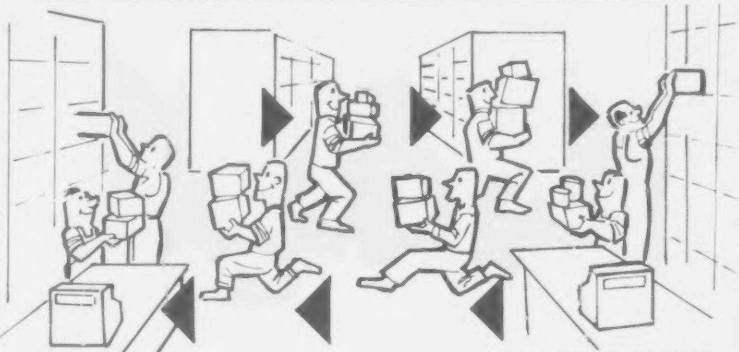


Source: Supermarket Business

CHART NO. 4

"How many times per year do you review space allocation / plan-o-grams for each of the following FOOD categories?"

Expected in 1980		1979	% Change
Frozen foods	3.5	3.0	14.4%
Dairy	3.8	3.3	13.6%
Canned Goods	3.1	2.8	8.0%
Other dry groceries	2.7	2.5	7.8%
Confectionery	3.2	3.1	5.3%
Baked Goods	5.4	5.2	4.3%
Produce	7.1	6.8	4.0%



Source: Supermarket Business

tied in with turns."

Whatever the method of managing space, increased attention to space management will be most useful in a few specific areas, respondents said. 71 percent indicated it will be most useful in identifying "weak" new products much faster (See chart no. 10, p.59). 60.9 percent think it will be of most use in the HBA/GM arena where product intros are overwhelming.

46.4 percent of those polled think better space management will help them identify categories that have already peaked in sales and profit yield. Adding more space will actually harm the performance of these categories, they said.

An example of such a category, one respondent said, is margarine. Adding space to provide a bountiful variety has not increased sales at this exec's stores.

"Margarine is just not benefitting from the huge amount of space it's taking up. As we study this sort of thing more carefully, I think we'll turn up other categories like this," he said.

More space to private label/generics and less space to brand name products is a trend 51.4 percent of the respondents believe will be sparked by greater application of space management principles. In fact, there is already evidence to support this, say respondents quoted later in this article.

47.2 percent of respondents also see space management techniques resulting in greater space allocated to non-foods and less to foods. 18.1 percent of those polled, the old-guard food merchandisers, perhaps, or those who've gone overboard with non-food intros, see more space to foods and less space to non-foods around the bend.

Hot Spots Get Attention

The increased number of space reviews planned for '80 may mean super execs will be playing their display cases and space like accordions. Applying better space management techniques will allow them to pinpoint the "hot spots" and decrease and increase space accordingly.

The "hot spots" are those categories most often pegged for additional space review and store resetting, respondents said, although all food and non-food categories were slated for increased attention (See charts no. 3 & 4, opposite page).

Comparing number of reviews in 1979 with those planned for 1980 showed that frozen foods and dairy rank first and second, among foods, in planned review increases from last year to this year.

Frozens posted a 14.4 percent increase in planned space revisions with dairy close behind with a 13.6 percent increase. The reasons: the deluge of products in these two departments makes frequent close looks at space/sales ratios imperative, respondents said.

The two food categories to be reviewed most often in '80 are produce, slated for review 7.1 times a year, and baked goods, scheduled to be reviewed 5.4 times a year. These categories involve many seasonal items that require constant upkeep, execs said.

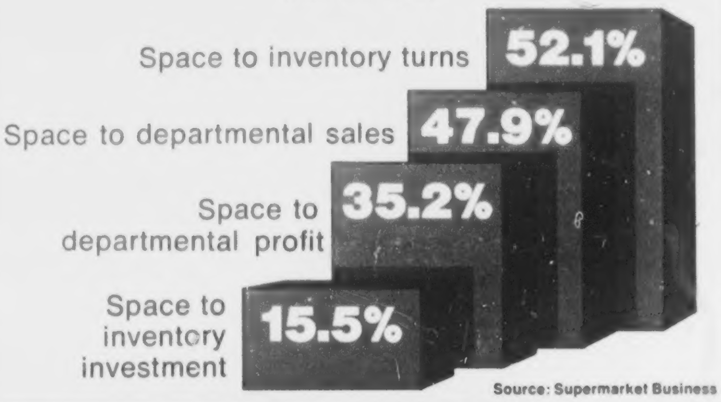
In non-foods, HBA space reviews

■ *Continued on next page*

CHART NO. 5

"Which of the following RATIOS is given greatest consideration when allotting selling/display space to specific food categories?"

(Based on 71 replies)



Source: Supermarket Business

CHART NO. 6

"What is the PRIMARY DATA SOURCE on which you will base space management revisions?"

(Based on 71 replies)

Computer printouts other than from scanners	90.1%
Scanning information	18.3%
Other information	7.0%

Source: Supermarket Business

Item Movement, Dept. Sales Dictate Space

■*Continued from preceding page*

are pegged to increase 7.9 percent in '80, bringing the number of yearly revisions to 3.5. Pet foods and tobacco are each slated for 3.3 reviews in 1980.

"These are ever-changing categories," an exec explained. "We have to keep on top of them. Right at the moment, pet foods' popularity is skyrocketing, turns are very high. We must adjust our space. Cigars aren't going anywhere, so that means we have to keep a close watch on them too. Any rise or fall in movement must be noted and adjusted to or we're not going to keep our customers happy or remain profitable," he said.

Aside from specific review plans, SB also asked survey respondents to indicate areas where they felt space management principles would be used most often.

Frozens, canned foods and dairy clearly dominate the food categories execs indicated would see the greatest application of space management principles this year.

Frozens were named most often, mentioned by 72.6 percent of the sample. In explanation, several retailers said frozens constitute the most volatile super department—one that has a constant coming and going of products.

"It seems like every food entrepreneur has chosen frozen foods as his laboratory to test experiments," one exec said with irritation. "We're deluged with new frozen foods intros to consider every year. With limited space and high department costs, we have to be very careful that what we put in there can pack a punch and really sell. Some of the new products, although they have good backing, are expensive and a little odd," he said.

The existing frozens products that pack a sales punch and are slated by many execs for expanded space include prepared foods, pizza, and juice. Prepared foods is the leader, with 20.8 percent of the sample planning increased exposure; pizza is next with 15.1 percent; and frozen juice third with 9.4 percent (See chart no. 8, below).

The frozens category most often slated for space decreases, and also nabbing the top spot for space cuts among all food products, is frozen sweet goods. 20.8 percent of the polled sample indicated they have plans to decrease the space allocated to this department.

Conversely, 9.4 percent said they planned to increase space for frozen sweet goods. From personal interviews it was concluded that those who are expanding space either have very limited selections at present or are located in markets where a high price doesn't scare away consumers with a sweet tooth.

Of some note are frozen diet foods and frozen microwave foods. Both were slated for additional space by 5.8 percent of the sample—not a large portion, but enough (combined with the fact they didn't show up at all on

CHART NO. 7

"Which specific types of FOOD merchandise do you plan to DECREASE space for in 1980?" (Based on 53 replies)

Frozen Sweet Goods	20.8%
Canned Vegetables	15.1%
Margarine	11.3%
Cheese	9.4%
Canned Fruit	9.4%

ICE CREAM
PIES
BEANS

Source: Supermarket Business

CHART NO. 8

"Which specific types of FOOD merchandise do you plan to INCREASE space for in 1980?" (Based on 53 replies)

Cheese	24.5%
Frozen Prepared Foods	20.8%
Frozen Pizza	15.1%
Frozen Sweet Goods	9.4%
Frozen Juice	9.4%
Frozen Vegetables	9.4%

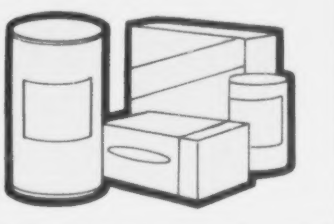
ICE STIC
ICE CREAM

Source: Supermarket Business

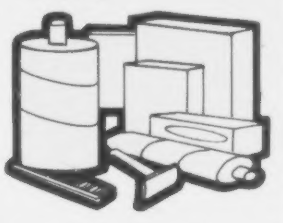
CHART NO. 9

"Which of the following results do you expect from the application of space management techniques in 1980?"
(Based on 72 replies)

51.4%
More space to PRIVATE LABEL/ GENERICS . . . less space to national brands



47.2%
More space to NON-FOODS . . . less space to foods



20.8%
NO CHANGE in basic space allocation

18.1%
More space to FOODS . . . less space to non-foods

Source: Supermarket Business

the space cut list) to indicate their staying power in the frozens arena (See chart no. 7).

Canned Goods Cut

Canned foods were expected to see increased space management attention by 49.3 percent of the sample, most of it showing up in space cuts. After frozen sweet goods, canned vegetables received the most votes for space cuts for a food category, from 15.1 percent of the sample. Canned fruit space was slated to get the axe by 9.4 percent of the sample; canned meat was to be cut by 7.5 percent of those polled and canned soup cut by 5.7 percent of survey respondents.

On the positive side, canned vegetables were slated by 5.7 percent of the sample for space additions. Two of the companies that planned to expand canned vegetables were doing so in their standard/generic line or private label brands.

"Canned goods are still staple items necessary to our mix, but with space squeezed as it is, we have to cut back," said one exec. "Vegetables are getting the biggest cutback, especially in the national brand area. Our private labels usually outsell the name brands anyway."

Cheese and milk are dairy products slated for space additions in 1980. Cheese is the overall food category leader, with 24.5 percent of the respondents planning to increase its exposure (See chart no. 8).

Milk got votes for expanded space from 7.5 percent of those polled. According to space management studies done in cooperation with Professor Eric Oesterle at Purdue University (see sidebar, page 60), milk is an underspaced category that could generate additional profits if given more exposure.

Pet Foods Gain

Pet foods, paper products, HBA and light bulbs are the non-food products most often slated for increased space in respondent stores.

Pet foods was the leader with 32.1 percent of the sample indicating it deserved a space hike. Second was paper products with 15.1 of the vote; tied for third were HBA and light bulbs

■ *Continued on next page*

CHART NO. 10

"With which of the following statements on SPACE MANAGEMENT do you agree?"
(Based on 69 replies)

Stronger attention to space management will help in identifying "weak" NEW PRODUCTS much faster . . . .

71.0%

HEALTH & BEAUTY AIDS and other GM deserve more space management attention . . . . . .

60.9%

Some categories have already peaked in terms of sales and profit yield. Adding more space will actually harm category performance . . . . . .

46.4%

Source: Supermarket Business

The Give And Take of Space Management

Supermarketers Describe Specific Space Shifts

NEW YORK CITY–Space management theories and practices go all across the board among companies polled by SUPERMARKET BUSINESS for the in-depth study featured in this special section. Each company or store, depending upon its size, marketplace, customer type and competition, has formulated its own give and take space arrangements. The ultimate goal of all is to nab more sales from each square foot and make themselves as competitive as possible. Following are some specific situations where something lost space so something else could gain, and reasons why, explained in the supermarketers' own words.

"We decreased space given to frozen pies and cakes. They're really dogs as far as sales in our stores. I guess people here do a lot of their own baking or buy from our scratch bakery. We gave the space, about six feet in uprights, to frozen prepared foods—especially dinner entrees and frozen pizza. We're getting more and more product introductions in those lines and they sell. I think the working woman goes home and feeds the family frozen food but feels she can't lower herself to frozen desserts."

"We eliminated our magazine/book area. It was about 10-12 linear feet in a dry grocery aisle. We expanded the front-end magazine offerings where we intend to grab more impulse sales. That magazine area was converted into a gourmet foods/specialty item section. We have a high class customer who seems to like some of the more exotic stuff. Magazines are no big thing anymore—all supers in our area have them and most of our customers get them at home. We wanted to give that space to a vital category that would make us more competitive."

"Soft goods are out. We had a small department for them but our customers just weren't coming here for them and they weren't buying them on impulse. What they are buying tons of, really, is pet food—cat, dog, fish and the supplies to go with. It's incredible the amount of money being spent in this category. We axed the soft goods and decreased some of the slower movers in HBA—there are only so many fast movers in mouthwash and toothpaste. That space we gave to an enlarged pet food/supply section."

"Sugar items have peaked in a couple of store categories. Jams, jellies and sugary cereals are on the sales decline, because of health-crazed people, maybe. In the cereal department, we're big on the natural cereals but we've decreased facings and brands of the sugar-coated items. Jams and jellies were cut in half. That space is spread around throughout the store. The big space winners would have to be our standard or generic line and paper products. These products are moving, not just taking up space."

"Lightbulbs, paper products, car care items—these are the areas where we see terrific turnover. We were suffering from serious out-of-stocks in those areas and re-stocking was taking a lot of our employees' time. To provide more space for these 'hot' departments, we had to spread the department around the corner into a dry goods aisle. Right past the dry goods and baking needs area were the canned goods. In that section, canned fruits and vegetables were monopolizing shelf space without justification, we thought. They weren't exactly dogs, but they were darn close. We reduced their space by half, pushed the dry goods down, and made room for more of the GM big sellers."

"After a lot of study and thought, we decided our store needed more emphasis on 'wholesale' or 'deal' items. We've devoted an aisle about 60-72 feet long on both sides to stock discontinued items and manufacturers' allowances. Soft drinks, mixers and snacks were adjusted because they are high volume areas that won't be hurt by less space; there will be more frequent re-stocking to compensate." (Note: Space expert Eric Oesterle wouldn't agree with this arrangement. His belief: Never cut space in high item movement areas.)

"Within the bread category, we've done some rearranging, some adding and subtracting. The bread section is one we revamp a lot because there are many seasonal items we insert at different times of the year. But we've found that, year-round, more people are buying the variety breads—raisin, wheat, rye, pumpernickel etc, and fewer loaves of white are selling. This hasn't just started happening, but it's become impossible to ignore. To compensate, we've eliminated one national brand and cut space for the rest. Our private-label white loaf is the best seller there anyway. We've given the additonal space to the varieties and buns, with very good results."

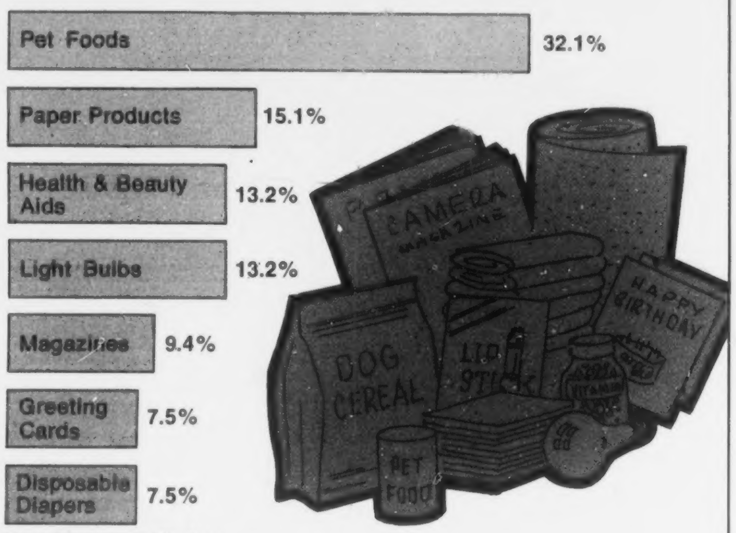
"Frozen juice and chilled juice sales are way out of line with the space we've given them in our stores. We've been paying more attention to the space picture because our costs are escalating and we need to make every square inch of our store productive. We're planning to increase space for both chilled and frozen juices at the expense of margarine in the dairy department and frozen desserts in the frozen case. Yogurt and frozen yogurt may also be allotted more space as we've noticed sales of those two picking up lately." ■

Avoid Overenthusiasm in GM Space Additions

CHART NO. 11

"Which specific type of NON-FOOD merchandise do you plan to INCREASE space for in 1980?"

(Based on 53 replies)

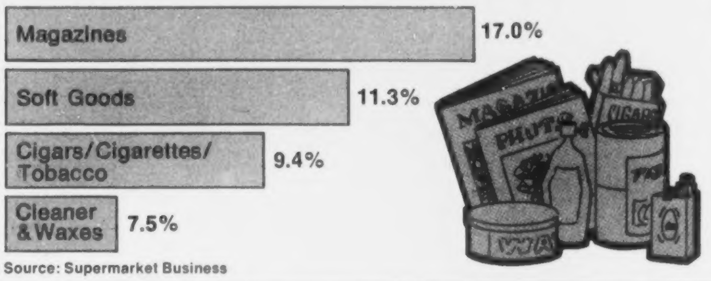


Source: Supermarket Business

CHART NO. 12

"Which specific type of NON-FOOD MERCHANDISE do you plan to DECREASE space for in 1980?"

(Based on 53 replies)



Source: Supermarket Business

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with 13.2 percent (See chart no. 11).

"Pet foods have gone out of sight in our stores," one exec said. "We can't ignore their profitability even though they take a lot of display space. They turn—that means we have to find the room for it at the expense of some slower movers, probably our tennis shoe line or hardware section."

Paper products were cited by many as a "fantastic" growth category, especially in the generic arena.

The magazine category is scheduled for a space cut by 17 percent of the sample. Why? (See chart no. 12).

"They don't sell," one exec said. "We'll play them up front but can't afford to waste expensive space on them in inner aisles. The same with greeting cards," he said.

Soft goods were called another category not earning its space by 11.3 percent of the sample. Cigar/cigarettes/tobacco is a third non-food category slated for a space decrease. A huge range of other non-food items were listed by various people as deserving a space cut.

"The problem is we may have gone a bit overboard with our non-food offerings in the past," said one exec. "In fact, I'd say we were definitely overzealous, and got too much of a good thing. Now we're finding not all these products can earn their space and we have to cut back—sometimes turning that space over to the food products that originally had it."

Overenthusiasm in adding new products before proper study was cited by many respondents as the reason for some very slow-selling supermarket sections.

"It's easy to go overboard on new product intros," one large chain exec admitted. "We're too often thinking of what the competition is up to. Instead we should be considering the success of similar products in our mix, SAMI results of the products and the advertising support the manufacturer offers."

Advertising support of new product intros was a main determinant in the decision to carry the product, according to over 50 percent of the respondents.

"We can't afford to take on a product that won't be advertised to the hilt," an Ohio exec said. "We need that support, it makes or breaks the products. More and more, we won't add the newcomers without it," he said.

When new products are added, a minimum of space is allotted at first, with most respondents reviewing the products' performance one to six months later.

"It's true we wing it on some new products," an exec pointed out. "But we're on top of the situation after once adding them. If that product isn't earning its space within six weeks, it's out," he said.

Very few respondents indicated they display new products in a special lobby or front-of-the-store location. Most often items are placed within their category in space taken from category slow movers (See sidebar, p. 59, for info on specific department shifts). ■

Space Management Expert's Slogan: 'When It Moves, It Makes Money!'

WASHINGTON, D.C.–There she goes—the average supermarket customer. The on-the-go woman with one kid in the cart, two towed behind, no list in her hand, wiping noses, thinking about the bridge club and 1,001 other things. How do you make her slow down and buy more in every store department?

The answer is better space management and strategic merchandising, according to Dr. Eric Oesterle, space management expert. Oesterle, an economics professor from Purdue University on leave at FMI here, has worked extensively with manufacturers and supermarket companies alike—setting up productive, well-managed supermarket departments.

He preaches spacing in accordance with movement and gross dollar margin returns. "The only way you can manage space," he recently told SUPERMARKET BUSINESS, "is to tailor inventory."

The idea is to cut down the numbers so you can show off what you have left and play up the faster-moving items, Oesterle explained. "Exposure is the name of the game."

Many respondents to SB's space management survey agreed with Oesterle's slogan: 'When it moves, it makes money!', but few take it to the lengths he recommends.

"You've got to look in detail at the contribution to margins each department makes," he said. "We were letting the cash register dictate the way we handled our mix."

Alloting space according to the number of times grocery, meat, produce etc. is rung up on the register doesn't work, Oesterle said. "You must look at the standouts," he stressed. "For example, dairy and ice cream rank above produce in terms of dollar contribution to gross margin."

BIGGEST MISTAKE is decreasing space of fast movers, says Eric Oesterle.

"There is a clear relation between movement and contribution to gross margins. Big movers may not bear the biggest margins, but they *are* the ones that generate the best contribution. HBA people talk about 30 percent margins (I think it's more like 20), but 30 percent of nothing is nothing. They don't move!" he said.

"Even in the dairy department," he continued, "we see that the top four categories yield 85 percent of dairy sales and 82 percent of gross margin dollars but receive just 70.5 percent of space. There is a disparity between space and gross margin contributions." (SB's study shows dairy to be a space management hot spot—one that supermarketers are planning to review more in 1980.)

Dairy Often Underspaced

"I'd guess that many supermarkets are underspaced in the dairy department," Oesterle said. "Milk has only 20 percent of space in a study sample and eggs have only 8 percent. This is not enough. Take space from weak things like biscuits and rolls and miscellaneous categories. Get rid of the inequities," he recommends.

Oesterle also contends that space is exposure—it's what the consumer sees. And he believes carefully placing "power" items, those items consumers almost unconsciously reach for, gets the entire department moving.

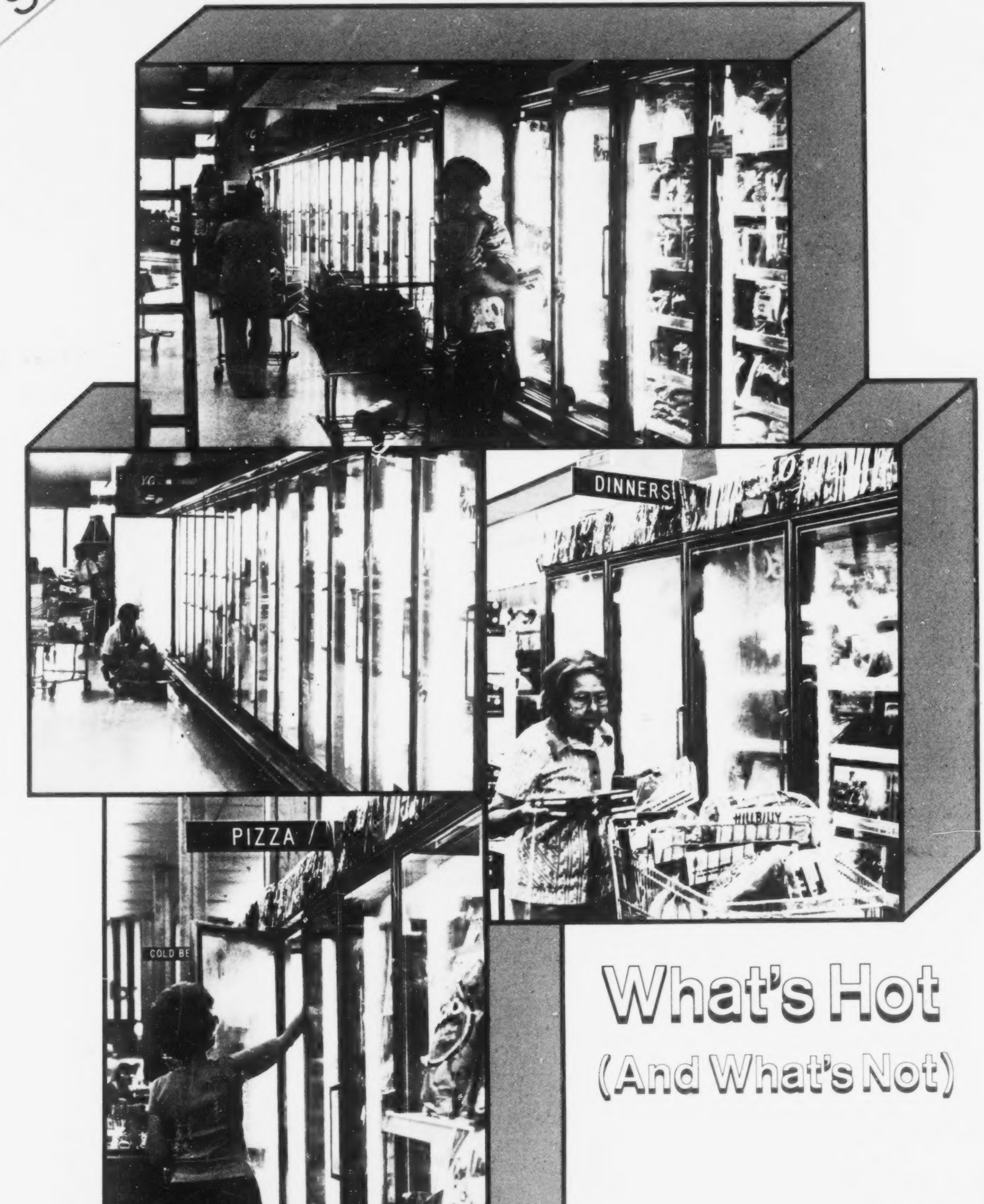
In one study Oesterle helped with, better exposure of the "BIG FOUR" in the dairy department resulted in a dairy sales increase of 18-20 percent. There was a 12-15 percent increase in dairy department gross margins. Inventory shrunk 25 percent and labor costs went down 18-20 percent, he said.

Oesterle believes a big mistake some supermarketers make (one that showed up in the SB study) is to decrease space of big movers in efforts to beef up slower items. "They figure they don't need that much space (for big movers) because they sell so well. It's just not true," he said. "They need sufficient space to get enough exposure and to avoid out-of-stocks and high labor costs."

The 11 percent of the SB sample who are reducing space for margarine (see chart no. 7) get the nod of approval from Oesterle. "On the average, stores carry about 35 different presentations of margarine," he said. "Now, margarine is about six inches high and that means it requires a lot of space to merchandise it. They could probably get by with one-third less. When they eliminate some of the presentations they then will have space to merchandise what they have left over."

Oesterle points out that "to the super industry, variety equals numbers." But consumers are confused by numbers, he said. Variety to them means kind and size, not brands. He stresses supermarketers shouldn't be afraid of lost sales from limiting variety. Giving exposure to the movers will make money, he says. ■

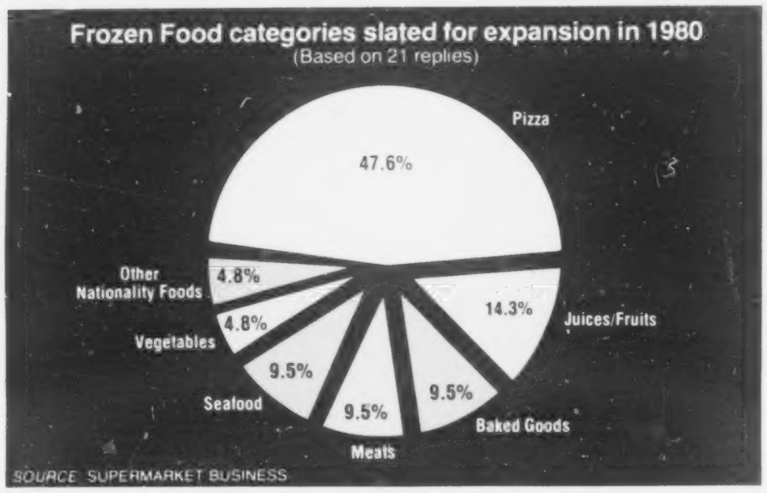
SB's Annual
FROZEN FOOD
SURVEY


DINNERS
PIZZA
COLD BE
HILLBILLY

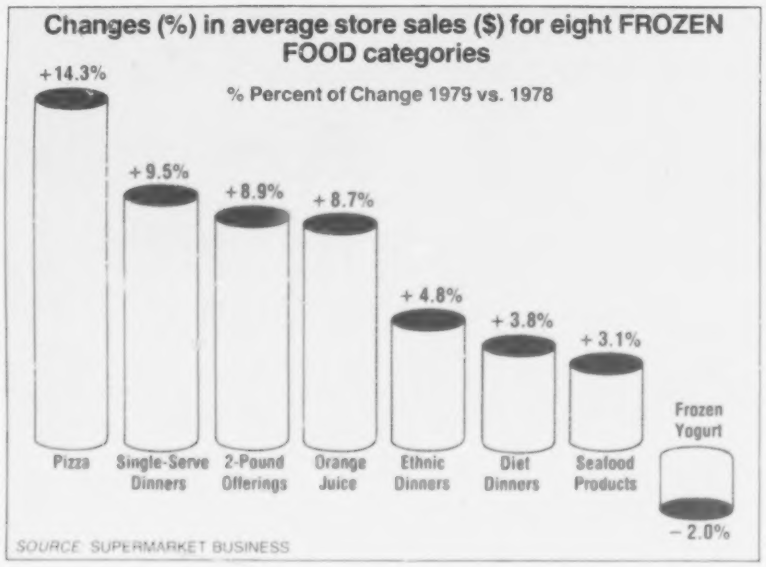
What's Hot

(And What's Not)

Frozen Food Sales, Tonnage Both Increased in '79


Frozen Food categories slated for expansion in 1980
(Based on 21 replies)

SOURCE SUPERMARKET BUSINESS


Changes (%) in average store sales ($) for eight FROZEN FOOD categories

SOURCE SUPERMARKET BUSINESS

Q. **"Which 3 FROZEN FOOD Categories (not brands) are highest in CASE sales?"**

(Based on 23 Replies)

	Percent of Response
Orange Juice	52.2%
Pizza	21.8
Juice	8.7
Vegetables	8.7
Potatoes	4.3
Prepared Foods	4.3
	100%

■ *Continued from page 1*

These were among the impressions gathered from SUPERMARKET BUSINESS' latest annual frozen foods study. The study was based on responses from 25 companies operating or servicing 3,528 stores throughout the country.

SB's survey found that frozens performed strongly in 1979, with sales gaining 11.5 percent over 1978 and tonnage up 2.6 percent.

Moreover, among the stores that responded to SB's questionnaire, weekly sales per square foot in the frozen food department averaged an impressive $6.63. That is almost a dollar higher than the weekly total store sales of $5.66 per square foot registered by the average store in the sample.

The healthy sales per square foot figure is one big reason why frozens have been given a greater proportion of space in new and remodeled stores. The survey showed that frozens occupy 8.2 percent of total store area in these new outlets, compared to 5.2 percent of total space for all stores.

"We cannot afford not to expand," said the buyer for a large southeastern chain. "With the advent of good new frozen products, we've got to have more space."

Key product categories in terms of sales growth last year were pizza, which gained 14.3 percent among the sample stores; single-serve dinners, which gained 9.5 percent; two-pound offerings, up 8.9 percent; and orange juice, up 8.7 percent.

Respondents indicated that they expected these categories to continue to make solid gains in 1980.

Pizza was a strong favorite among respondents considering which categories to enlarge. Almost 48 of them indicated that their pizza lines would be expanded this year. Next came frozen juices-fruits, which just over 14 percent of the buyer-executives said would be expanded.

Flattening in 1980?

One reason companies are taking a hard look at long-term profitability may lie in sales and tonnage figures projected for 1980. The study shows that while dollar sales are expected to rise, real growth in frozen food departments faces a flattening out, as sales gains are wiped out by inflation.

In addition, rapidly rising energy costs will be more difficult to pass on to consumers and will therefore take a bigger bite of gross profit margins.

Percent change in FROZEN FOOD $ Sales, Retail Prices and Tonnage Sales.

	Expected '80 vs. 1979	1979 vs. 1978
$ Sales	+11.1%	+11.5%
Retail Prices	+11.6%	+ 8.7%
TONNAGE SALES	− 0.4%	+ 2.6%

As a result, SB's survey found, the addition of energy saving equipment and the upgrading of existing fixtures will continue to be an important part of the frozen food picture.

Here, for example, are some of the findings from SB's survey:

- 61 percent of the respondents said the main reason for making equipment changes was to save energy, while 33 percent said the main reason was to add more product.
- More than 70 percent said they increased the number of upright frozen food cases with doors last year.
- 40 percent added doors to existing equipment.
- 30 percent said they plan to add doors in 1980.

Almost 96 percent of the companies began 1979 with coffin case equipment, and slightly more than 41 percent said they added coffins during the year. Of the nine respondents who indicated that they plan to reduce certain kinds of equipment in 1980, four, or 44.4 percent, said coffins would be reduced in number.

Chain buyer execs offered additional reasons for making equipment changes. A spokesman for a California chain indicated that the new variety of merchandise required different kinds of equipment.

The frozen foods director of a southeastern chain said products are more visible to the consumer in uprights with doors and also remain neater and cleaner. He added that price tags stay in place better, too.

Other chain execs noted that uprights with doors are more economical and easier to merchandise.

Perhaps most important was the finding that 72.2 percent of the respondents felt that equipment changes had had a significant effect on increasing frozen food sales.

■ *Continued on page 64*

> *"We cannot afford not to expand. With the advent of good new frozen products, we've got to have more space."*

Frozen Food Survey

Company Training Adequate? Most Buyers Say No

■ *Continued from page 62*

A significant finding was the importance these buyers give to proper training programs for store-level personnel involved in merchandising frozens.

Only nine of the 25 chain buyer/execs felt their company's frozen food training program was adequate for their needs.

A whopping 91.7 percent saw a definite need for a written procedures manual for the frozens department. Almost 80 percent said trained, full-time frozen food department managers are an essential ingredient if a department is to reach its full potential. Another 75 percent agreed that their store managers don't have the time to do all the in-store training needed.

More than 70 percent of the respondents said they felt that too many untrained personnel and part-timers are hurting frozen food quality and sales and that frozen food seminars are not held often enough to keep up with employee turnover.

Forty-six percent indicated that top management doesn't fully appreciate the need for better training. The same percentage felt that suppliers aren't providing enough help when it comes to merchandising and care of frozen food products.

Want More Frozen Promotions

A key finding concerned the kind of services supermarkets would like to get from their suppliers.

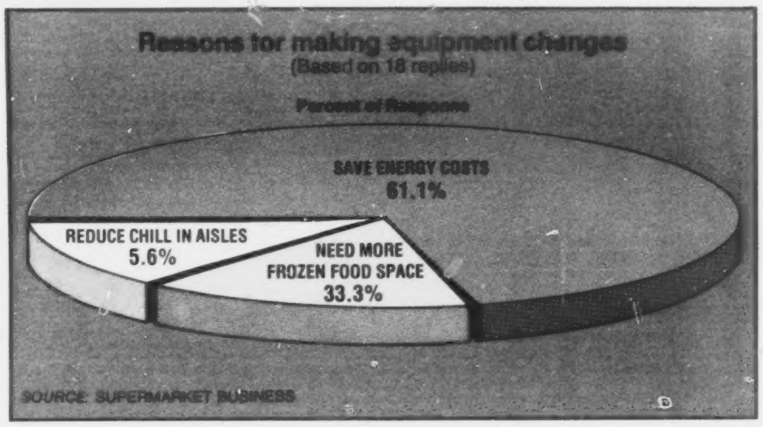
Sixty-seven percent of the respondents felt that more supplier-sponsored frozen food promotions were "very important" to their merchandising efforts. Fifty-four percent said that more co-op money for advertising frozens was of key importance. Another 50 percent would like to see more lead time on promotions.

Lowest priority was given to in-store demonstrations involving preparation of frozens. Only 16.7 percent felt these were "very important."

The buyer/exec from a large southeastern chain said he felt in-store demonstrations should be one of the best ways to sell frozen foods, but he hadn't found one in 30 years that was done well.

Service Level Found Adequate

At the chains surveyed by SB, the average service level for frozen foods was around 94 percent, a figure that more than 85 percent of the respondents thought was satisfactory. They


Reasons for making equipment changes
(Based on 18 replies)
Percent of Response

SOURCE: SUPERMARKET BUSINESS

Q. "With regard to TRAINING of store level employees involved in sales and/or stocking or displaying of FROZENS, with which of the following statements do you agree?"
(Based on 24 Replies)

	Number of Replies	Percent of Response*
There is need for a written procedures manual for the FROZENS department	22	91.7%
There is need for trained full-time FROZEN FOOD department managers to enable that department to reach its potential	19	79.2
Store managers do not have the time to do all the in-store training that is needed	18	75.0
We need a company-wide formal training program	17	70.8
Frozen Food training seminars are not held often enough to keep up with our employee turnover	17	70.8
Too many untrained personnel and part-timers are hurting FROZEN FOOD quality and sales	17	70.8
Top management doesn't fully appreciate the need for better training in the FROZEN FOODS department	11	45.8
Suppliers are not providing enough help with regard to the merchandising and care of FROZEN FOOD products	11	45.8
Our company's FROZEN FOOD training is adequate for our needs	9	37.5

* Adds to more than 100% due to multiple replies.

MANUFACTURERS SHOULD ADD more smaller package sizes for singles and small families, said a majority of the respondents.

PIZZA RATED HIGH among buyers who were asked which categories they intend to expand in 1980.

Characteristics of the Sample

Replies from 25 frozen food buyers of companies operating	3,528 stores
Total 1979 sales per sample store:	
weekly	$ 111,847
annual	$5,816,044
Total 1979 sales for entire sample	$20.52 billion
Average selling/display area of sample store	19,750 sq. ft.
Average size of FROZEN FOOD department	1,035 sq. ft.
Weekly 1979 FROZEN FOOD sales for average sample store	$6,866
Weekly sales per square foot:*	
Total store	$5.66
FROZEN FOOD department	$6.63

* excluding backroom and other storage space

indicated, however, that sales could be pushed up five percent if they could avoid out-of-stocks altogether.

With regard to eliminating out-of-stocks, almost half of the respondents said they believe more frequent deliveries would solve the problem. Twenty-six percent said more case space would help eliminate the problem. More backroom storage space was the solution offered by another 10.5 percent of the respondents.

Many execs were vehement on the subject of out-of-stocks.

One respondent from a Florida chain said his stores would have no out-of-stocks if he got all that he ordered on time. Another exec from an Idaho company echoed this point, saying there was a definite need for more reliable vendor deliveries.

A respondent from an Arkansas company and another from California both agreed that there should be more store space given to frozens at the wholesale house.

Others mentioned the need for better space management, more in-store training and better record keeping.

What about package sizes offered by manufacturers?

Sixty-one percent of the respondents felt that manufacturers packers should offer more small-size packages to appeal to the growing number of singles and small families. Fifty-six percent thought that too many sizes of the same item are being offered. ■

Q. **"What portion (%) of Store Sales does FROZEN FOODS account for?"**

	Expected 1980	in 1979	in 1978
TOTAL weekly sales per store	$133,433	$111,847	$98,111
%change from previous year	+19.3%	+14.0%	...
FROZEN FOODS weekly sales per store	$ 7,628	$ 6,866	$ 6,158
% change from previous year	+11.1%	+11.5%	...

Q. **"In your NEW or REMODELED stores, what portion of the total store area is occupied by FROZEN FOODS?"**

(Based on 13 Replies)

New or Remodeled Stores
% of total store area
occupied by FROZEN FOODS . . . 8.2%

Q. **"Do you feel that your equipment changes had a major influence on the changes in your FROZEN FOOD sales?"**

(Based on 18 Replies)

	Number of Replies	Percent of Response
Yes	13	72.2%
No	5	27.8
	18	100.0%

THIRTY PERCENT OF BUYERS said their companies plan to add doors to existing refrigeration equipment this year.

Link Snacks, Beverages for Big Sales—Page 34

PROFITABLE FACTS, TRENDS, IDEAS, PRODUCTS FOR THE GROCERY INDUSTRY

Supermarket Business

FORMERLY SUPERMARKETING

Inside this issue

- **Keg Beer Can Hike Beverage Sales—Page 14**
- **Service Key to Success In Bakeries—Page 19**
- **'Hard Line' Merchandising Reaps Checkout Profit —Page 44**

JUNE, 1980

2,230-Store Program:

Recycling Pays Safeway's Full Waste Removal Cost

by Carol Fensholt, managing editor

WALNUT CREEK, Calif.—A well-disciplined recycling program enabled Safeway Stores, Inc. to collect and sell 270,000 tons of baled used corrugated cartons (cardboard) in 1979, enough to fill a 70-mile-long railroad train with 80,000 or 90,000 pounds a car.

With recycled cardboard today worth $25 to $55 or more a ton, revenue from cardboard sales "exceeds" the total cost of waste management for the nation's largest supermarket chain, salvage department manager Uno Soobik told SUPERMARKET BUSINESS.

What's the secret of Safeway's recycling success? Time spent at the outset to carefully think the program through, Soobik believes. "It pays to go in and set it up right from the beginning," he says. "A good program is worth the effort."

Hand in hand with careful start-up are good supervision and follow-up from headquarters on down to the chain's 2,230 stores in North America. For Soobik, this means overseeing 21 U.S. divisions operating 1,955 stores and five Canadian divisions operating 275 stores.

Soobik's office is located in Safeway's new building here, into which the chain's six supply divisions recently moved from their former offices. The salvage department is part of the produce division. "It's an old tradition," Soobik explains. "The department started out in this division and has been here ever since."

The salvage department began recycling 22 years ago; the program has been continually refined and expanded.

Keys to the recycling program's profitability are:

- ■ Monitoring store performance with a simple, workable system;
- ■ Making bales as big as possible, to cut down on the number that must be handled;
- ■ Emphasizing to paperboard buyers the need for excellent service

■ *Continued on page 25*

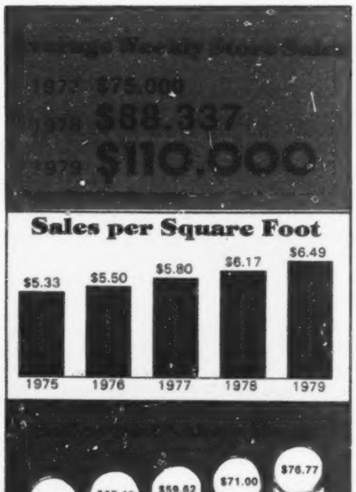
Giant to Suppliers: No More Coupons, Cut Prices Instead

by Anne Krueger, field editor

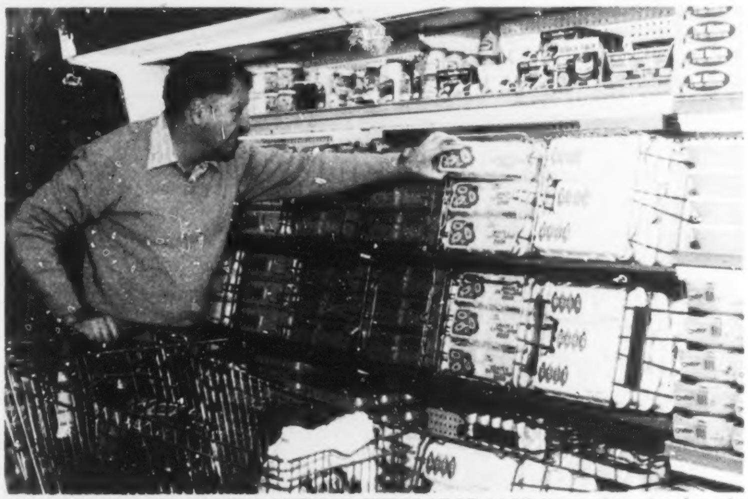
DALLAS—Giant Food Inc. wishes manufacturers would stop issuing cents-off grocery coupons and would lower prices instead. The 120-store chain has stopped distributing its own private label coupons and outlines its stand on the hidden costs of coupons in a recently-prepared 20-minute film.

"We're taking the film to several groups," Odonna Mathews, consumer adviser for Giant, told SUPERMARKET BUSINESS. "We're not doing it adver-

■ *Continued on page 6*



AVERAGE WEEKLY SALES hit $110,000 last year, according to FMI's state of industry report. See page 15.



NEW EGG MERCHANDISING METHOD CUTS LABOR COST 40%, reduces breakage by half, and spurs unit and dollar volume for Fleming Foods' Joplin Division. Keys to this uncommon supermarket "triple play": faster stocking, easier rotation, and elimination of price-marking. For details, see page 22.

'Cheese Shop' Merchandising Can Increase Sales by 50%

by Peggy Odenbach, associate editor

NEW ORLEANS–Want to increase your cheese sales? Try the "cheese shop" merchandising concept.

A Texas chain did about a year ago and increased imported and fancy cheese sales almost 50 percent. A midwest chain spokesman also claims success with a 1,200–square–foot "cheese shop" which brought in $11,000 in cheese and gourmet food sales the first week it was open.

This store-within-a-store concept is a simple design of refrigerated coffin cases which gives the impression of a specialty or gourmet shop and adds variety to merchandising in the supermarket.

The "cheese shop" is easy to promote and lends itself to the cross-merchandising of wine and even pizza, according to one spokesman.

These and other ideas were discovered by SUPERMARKET BUSINESS at the 11th Annual Retail Bakers of America Supermarket Bakery Conference here.

"Since we've added the display, we've seen a dramatic increase in sales," said Carl Andersen, vice president and general manager, Rice Food Markets Inc. (Houston, Tex.).

The display Andersen refers to is a self-service, free-standing cheesebox,

■ *Continued on page 20*

ECR Data Helps Chain Boost Productivity

by Elise J. Marton, associate editor

FREEHOLD, N.J.–As the rye bread ad goes, you don't have to be Jewish to like Levy's. And as Foodarama Supermarkets are demonstrating, you don't have to have scanning to like data.

Over the past eight months or so, a dozen Foodarama stores with electronic cash registers have been collecting sales data and using this data to improve front-end productivity, labor scheduling and shrink.

Granted, the data collected by the ECR's is not as detailed and specific as it would be if scanners were used. But, as expense control manager Jim Krasner points out, there is still a wealth of information that can come out of an ECR system.

Foodarama began putting its ECR data to work in October 1979, after key front-end, data processing and financial personnel attended a five-day training course conducted by their front-end equipment vendor. Out of this course they learned how to use a standard library of programs built into the mini-computers that power each store's ECR's.

They also learned a computer language which allows them to call some of the shots themselves, instructing the mini-computers to go after specific data and report it in a form of their own design.

This is what particularly appealed to Krasner about the ECR data reporting system—its ability to let users go in and pull out the data they need, and to get it in the shape they desire.

"It's not that easy for a retailer to develop his own programs," Krasner told SUPERMARKET BUSINESS. "It's hard for the retailer with no data processing background to extract an original program from the data."

Users of the ECR data package—Datachecker's Management Information Package (MIP)—have three options. They can use standard reports which are built into the system and ready to run, they can change some features of the standard reports to fit their specific needs, or they can develop new reports of their own de-

■ *Continued on page 23*

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Vol. 35 No. 6 A GRALLA PUBLICATION JUNE, 1980

In this issue...

Food

'Cheese Shop' Merchandising Can Increase Sales 50% 1
Bakery Sales Depend On More Than Quality 19 ▶
Health/Dietetic Foods Win Space Among 'Regular' Items 21
'Modular' Egg Handling Spurs Volume, Cuts Labor $$ 22

General Merchandise

Wholesaler Opinions Mixed On Separate GM Warehouses 27 ▶
Distributors Cut Inventory To Ease Economy Pinch 27

Operations

Chain Uses ECR Data To Hike Checker Productivity 1 ▶
Recycling Pays Chain's Waste Removal Costs 1

Special Section

Shuffle Snack/Beverage Space To Promote Impulse Sales 34
Computers, Paper Controls Monitor Snack/Beverage DSDs 36 ▶
Beer/Wine Promos Aimed At New Breed of Buyer 38
Maturing 'Baby Boom' Will Aid Soft Drinks in 1980's 40

Regular Columns

The Publisher's View 3
Profitable Store Engineering 28
Management Ideas 30
Creative Merchandising 31
Speaking About Meat 32 ▶
Supplier Perspective 44

HOW TO GET THE MOST FOR YOUR PORK DOLLAR
THE SMOKED HAM, WHOLE (Pork Leg)
BOSTON (Butt) SHOULDER

The Publisher's View

Don't Press Panic Button During Inventory Crunch

by Howard Rauch

Cut your inventory! With the high cost of loaning upon us, this command has gone out from management to merchandisers in every retail field. But is it sufficient for the brass to issue a blanket order? Do instructions need to be more specific? What are the dangers if inventory-crunch panic buttons are pressed?

These were some points I had the chance to review with concerned wholesaler executives during the recent General Merchandise Distributors Council conference in San Diego.

One buyer had just slashed a million dollars out of his inventory. Several others were still in the stage of determining how to make the cuts, but were certain that duplicate items would be pared and "buy-in" activity would be curbed.

The greatest danger, according to one source, is that more buyers will play it safe. They will spend much more time on proven items, and be reluctant to give new-products a shot.

This would be a shame, this exec added, because "new items are the fun part of the business. Basics become redundant. Buyers feel they're making their greatest contribution when they examine fringe/new products.

"Management must be explicit when discussing the inventory problem," he summed up. "To say 'you are carrying too much inventory' without giving further direction encourages inertia."

Another danger during this critical period is to lop off items arbitrarily because sales performance is marginal. "If you haven't sold one unit of an item for nine weeks, maybe you could make it sell with a different approach," one GMDC member observed.

"So what's really at issue is do you want to sell it...or discontinue it?"

Last month, I began a discussion of "new merchandising rules" that would be written based on computerized data. GMDC members—representing divisions of major grocery wholesalers—are among those building up new information banks.

Several companies are getting new velocity reports, out-of-stock analysis or 30-day inventory aging figures.

More independents served by these wholesalers are moving towards scanning, but GMDC members feel they are two to four years away from having useful scanning data.

The timing continues to be related to UPC coding of GM/HBA products. At one convention workshop, it was noted that 75-80 percent of HBA items are symbol marked, but only 50-55 percent of GM items are scannable.

(My quick count shows that almost 25 percent of scanning installations in the first quarter of 1980 were at independent stores. There were 271 new installations in all, according to figures made available by FMI.)

* * *

GMDC is celebrating its tenth anniversary this year. I have had the pleasure of following this organization for seven of those years, and there is little wonder why GMDC's growth has to be one of the real success stories among associations today.

When I want to find out what's happening in general merchandise, I know I'll get filled in during "Press Day"—the specific time penciled in during the convention when I and other editors can meet with GMDC members.

"Press Day" is an idea that other associations should consider.

On the subject of "press" days, I was really taken to the cleaners by Bob Sachs, president of Arden Corp., during our annual speed chess match held at GMDC time.

Sachs has been studying up with "Boris"—one of the computerized chess gadgets—and trounced me 6-2. Bob gets to wear the glow of victory until 1981.

* * *

SUPERMARKET BUSINESS is privileged to be working with the National Retail Grocers Association (NARGUS) on a joint study tracking growth of the independent grocer.

Questionnaires are rolling in, with results scheduled for July publication. I think you'll find our July report quite revealing. ■

Supermarket Business

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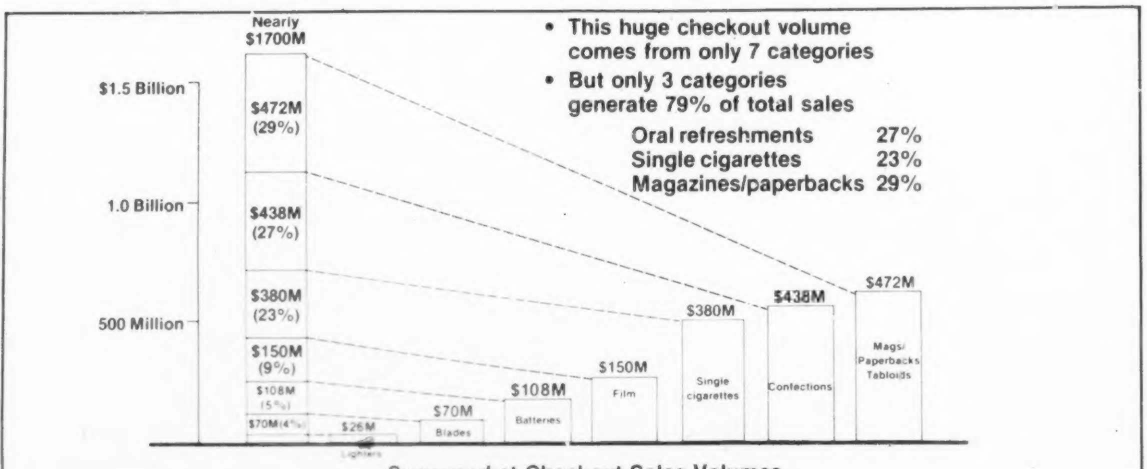
The Supplier Perspective

Get Share of Checkout's Annual $1.7 Billion in Sales With 'Hard Line' Approach to Merchandise Selection

by Anne Krueger, field editor



Supermarket Checkout Sales Volumes

DALLAS—Fixing responsibility for checkout operation performance with one store employee and taking a hard line on managing for profit can best take advantage of the "captive audience" checkout section.

That's the word from Ronald O. Cox, vice president-merchandising, Wm. Wrigley Jr. Co. Cox presented Wrigley's 1980 front end merchandising study to FMI attendees here and told them checkout volume reached an estimated $1.7 billion in 1978. Three checkout categories—cigarettes (single pack), confections, and magazines/paperbacks—contributed nearly 80 percent of total checkout sales, he said.

Checkout profits reached $600 million in '78, making the checkout number 14 in terms of total dollar profits produced—ahead of such categories as coffee, soaps and detergents, snacks, and a host of others, he reported.

"These dollar profits translate to an average 34 percent gross margin," Cox said. "This qualifies the checkout as the number six supermarket category in terms of gross profit margin percentage ranking. For perspective," he said, "the average gross margin across the 50-odd categories sold in supermarkets is only 22.6 percent."

Demands Management Attention

The importance of the checkout area demands that it be considered as a separate profit center, Cox said. That's why it's imperative for supermarket management to fix responsibility for the area's performance with one employee.

"Give one employee the responsibility and authority to assure that the proper job is done in stores to make sure the checkout merchandising operations are maximized," Cox stressed. "Otherwise, the checkout is too likely to be ignored and its profit potential won't be optimized. In net, it's critical to have someone 'minding the store'."

The way some supermarketers have been minding the store is not the road to maximizing profits, Cox said. He reported three ways products are merchandised at the checkout.

The "junk" merchandiser follows the strategy that more is better, he said. The result of this methodology, he said, is usually a checkout lane that looks "a mess," with no apparent item selection rationale or strategy.

"Clean" merchandisers were described by Cox as those who literally have no items at the front end of their stores. "For whatever reason, they believe the checkout should be super fast, super quick...Obviously, this type of merchandiser completely foregoes any profit potential that could be had from merchandising a select line of appropriate items at the checkout," he said.

The "controlled item" approach is the strategy Cox recommends.

"Their basic strategy is to merchandise a related line of high-impulse, high-margin, fast-turn and typically low-purchase price items at the checkout, arranging them in an attractive manner through the use of planograms to reflect their velocity," he said.

This strategy optimizes return on investment and utilizes good inventory control. Most importantly, it involves selecting the right products to merchandise, Cox said.

Face Critical Challenges

"Selecting and evaluating the right products for the checkout is the real critical challenge—this is where your operation can really pay off," Cox said.

The challenge for supermarketers is to take best advantage of the checkout free space. "This means you must sell the right products there," Cox said. "Those products that consumers expect to find and will buy there; those that have top turnover; those that produce good margins and that maximize your return on inventory investment."

"A proper checkout product will always be one with a high impulse purchase pattern," he continued. "By the time consumers arrive at the checkout they've completed their basic shopping...and are ready to consider extras—things like gum and candy, magazines and cigarettes. You can establish a product's 'impulse ranking' by using the Dupont POPAI scale of planned versus unplanned purchases. Products that score high as unplanned purchases are better choices for checkout merchandising," he said.

Total profitability (more than just gross margin) is another checkout item criterion, Cox reported.

"The best way to look at profitability is to consider it as a formula: turnover x margin + ROI = total profitability," he said. Cox added there are no hard and fast rules for determining what's the right total checkout profitability level, but suggested that 34 percent—the overall gross margin of all checkout products—be used as a starting point.

"We believe that if a product doesn't turn its inventory at least once a month, it doesn't deserve checkout space," he said.

Use Consumer Input

It's also important to base front end choice on consumer expectations, Cox said. "Consumers expect to see certain products at the checkout...Obviously it's a lot easier to sell a consumer something at the checkout that they expect to see and buy there."

The extent to which a brand enjoys a healthy franchise with consumers is also a major element of whether or not that brand belongs at the checkout, he said. "Clearly it's easier to sell a brand with a strong consumer position," he said.

"The extent to which manufacturers support their brand, with advertising and promotion dollars, is also a contributing factor in making the decision to give checkout space to a brand," Cox reported.

To test new checkout products, Cox suggests supermarkets set aside one checkout in selected stores as a new item test area, and then give the items a reasonable time period to "prove their worth." The rest of the checkouts should be planogrammed identically, he said, not alternately.

And supermarketers should beware of being "hoodwinked" by promises of profitability, he said. "Too often buyers are taken in by high-margin items which in the end don't turn sufficiently to provide the same level of overall profitability as a lower margin faster-turning item," he asserted.

With careful category balance of the big three, profits can definitely be maximized, Cox said, and he recommended fast-turning gum be used as a checkout item model.

Wrigley's research shows that gum—88 percent of it—is purchased at the checkout, and that 85 percent of consumers buy it on impulse. Gum is the second highest profit producer of all checkout categories and delivers gross margins in the 36-45 percent range while turning up to 40+ times a year, he said. ■

PROFITABLE FACTS, TRENDS, IDEAS, PRODUCTS FOR THE GROCERY INDUSTRY

Supermarket Business

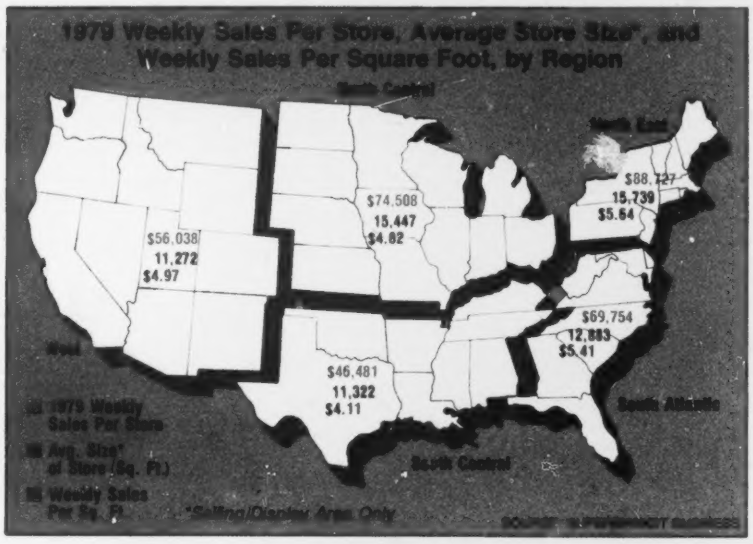
FORMERLY SUPERMARKETING

JULY 1980

7/9/80 C4200-2 U

Inside this issue...

- **Push Specials as Shoppers Trade Down—Page 14**
- **Emergency Power Limits Blackout Loss—Page 26**
- **Coupon Misredemption Prompts Control—Page 48**



1979 Weekly Sales Per Store, Average Store Size*, and Weekly Sales Per Square Foot, by Region

*Selling/Display Area Only

SOURCE: SUPERMARKET BUSINESS

How Do Employees Steal? Ex-Thief Knows 450 Ways

by Carol Fensholt, managing editor

> *"...the most likely times for employees to steal merchandise are from a half-hour to five minutes before lunch, and a half-hour to five minutes before quitting time. They'll usually take the merchandise out with the trash and leave it behind the store, in the dumpster or behind it. So I always tell managers to go outside at these times and look around...one Illinois operator did this, and within a week caught four stockboys stealing $21,000 worth of tuna and coffee."*
>
> *–Jack Henry*

LONGVIEW, Tex.—Four stockboys stealing and selling $21,000 worth of coffee and tuna is just one of scores of such "horror stories" which occur daily at hundreds of supermarkets around the country, says Jack Henry, a former bread deliveryman-thief.

In fact, employee theft is far more serious than most operators would ever believe, Henry asserts—so far, he's discovered about 450 ways ingenious employees have devised for ripping off a supermarket.

Jack Henry himself once enjoyed considerable success as a vendor-thief: "I was a bread man with a 100-mile route through the mountains of Virginia. I stole daily from 57 of my 60 customers—I tripled or quadrupled my salary every week," he says.

Nevertheless, Henry maintains that most operators should look inside for their shrink problems.

"Fifty percent of a store's theft—not in number of catches, but in terms of dollar amount—takes place behind the cash register," Henry says. And it's his experience that total shrink far exceeds the two percent of gross sales figure often cited in the industry.

"Any operator who doesn't know his

■ *Continued on page 7*

Pushing 'Odd' Fish Quadruples Sales

by Peggy Odenbach, associate editor

GRAND RAPIDS, Mich.—When you think of a summertime barbecue, what comes to mind? Hot dogs, hamburgers, steak, right?

How about fish?

One midwest cooperative wholesaler promotes Mahi Mahi fish from Hawaii for summertime grilling.

Displayed with a special rack for

■ *Continued on page 12*

400 Companies Report:

Independents Gain Size, Sales By Honing Competitive Edge

by Bruce Buckley, editor
and Robert A. Leibson, market research director

NEW YORK CITY—For independents, the story is growth.

Across the country, independent grocery companies have been gaining in size and sales, vigorously adopting new technology and merchandising strategies to meet changing market conditions and competitive thrusts.

SUPERMARKET BUSINESS' survey of 400 National Association of Retail Grocers (NARGUS) members shows a pattern of robust expansion in every area of the business, from construction and acquisitions to scanning to delis, bakeries and restaurants.

For example:

■ Of the 400 sample companies, 349 were in business in 1970, and those companies operated 732 stores a decade ago. This year, the 400 companies operate 1,307 stores, almost twice the number.

■ Last year, 168 of the sample firms built or acquired 101 stores and remodeled another 184. In 1980 and '81, 244 of the responding companies plan to build or acquire 258 stores and remodel 402.

■ The number of multi-unit companies in the sample grew to 216 in 1980 from 123 a decade ago, while the number of single-store firms dropped to 184 from 226. Single-store companies, however, seem able to wring more sales out of available space. They reported weekly sales per square foot of $5.57 last year, while multi-unit companies reported $4.89.

■ Size of the selling/display area in the average store grew by 41 percent in the seventies, from 9,670 square feet 10 years ago to 13,621 this year. The proportion of stores in the 20,000 square feet and higher range increased to 17.8 percent of the total in 1980 from 4.9 percent of existing stores a decade ago. Conversely, the propor-

■ *Continued on page 38*

NARGUS Focus: How to Deal With Recession

by Lauren Radler, assistant editor

ST. LOUIS—How retailers can deal with the uncertainties of recession will be an underlying theme of the National Association of Retail Grocers (NARGUS) annual convention here July 20-23.

"The convention's emphasis," said Frank Register, the association's executive director, "will be on innovations which will enable retailers to maintain profitability despite competition. It will also be on means of increasing productivity and the perennial problems of understanding customers and their needs."

Many of the 20 workshop sessions will reflect this emphasis as well as offer "a little bit of something for everyone," according to Christine

■ *Continued on page 36*

Bank Credit Cards: Too Costly?

by Elise J. Marton, associate editor

DAYTON, Ohio—Accepting bank credit cards can be both a blessing and a curse for the supermarket operator.

On the one hand, credit often encourages impulse buying and larger purchases—two to three times as large as non-credit purchases, some say. On the other hand, mounting service fees charged by administering banks—a common figure quoted was two percent of sales—are taking deep bites out of already-slim profit margins.

Of the supermarkets that honor credit cards, most who spoke with SUPERMARKET BUSINESS are sufficiently committed to a "service" image to honor the cards despite fee increases. But some have decided it's just not worth it.

Imperial Foodtown, headquartered here, first decided to accept Master Charge and Visa (then BankAmericard) for reasons that are typical of the motives of other supermarkets that made the same move.

According to president Charles Herick, "We were then—and are now—a very service-oriented company, and were looked upon as such. We felt there was going to be a lot of movement in the coming years in use of the cards," especially in the suburban, higher-income areas where Imperial's six stores are located.

"When we originally went in (around 1973), we wanted to provide an additional service for which the customer wouldn't have to pay," he added.

Of course, back in 1973 it was a bit easier to offer this service than it is today. The "discount rate"—the fee which banks charge retailers in return for processing credit transactions—has gone up significantly for all stores contacted by SB.

The fee is calculated as a percentage of the total dollars charged to credit

■ *Continued on page 20*

TONNAGE GAINS OF 10 to 14 PERCENT are reported by buyers for pet food departments. Dry dog food continues its climb; new products are introduced monthly. See page 18.

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Vol. 35 No. 7 A GRALLA PUBLICATION JULY, 1980

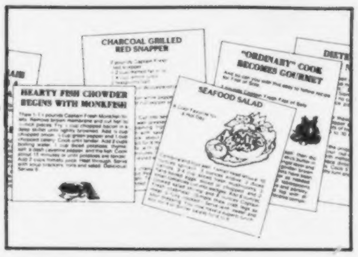
In this issue...

Food

Pushing 'Odd' Fish Quadruples Sales 1 ▶

National Branding Could Boost Poultry Sales 8-11% 11

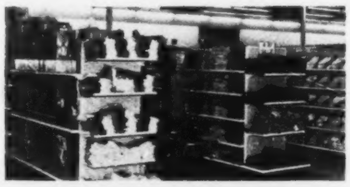
Shoppers Trade Down to Lower-Cost Groceries 14


CHARCOAL GRILLED RED SNAPPER
HEARTY FISH CHOWDER BEGINS WITH MONKFISH
"ORDINARY" COOK BECOMES GOURMET
SEAFOOD SALAD

General Merchandise

Vitamin Makers Cite Low Price in Quest for More Shelf Space 16

Retailers' Aid to GM/HBA Merchandiser Can Increase Sales 22 ▶

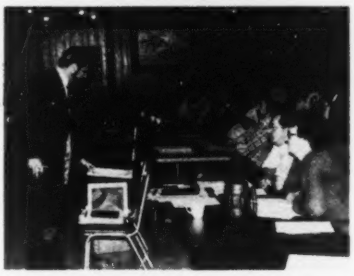


Operations

Ex-thief Tells 450 Ways to Steal 1 ▶

Cut Blackout Losses With Backup Power 26

NARGUS Preview: Survey of Independents Among Topics Slated 36

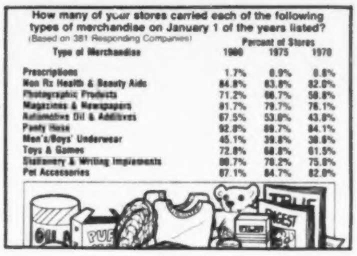


Special Section

Independents Gain by Honing Competitive Edge 1 ▶

Gromer's Grosses $20 Million On Strong Price Image 42

B&L Supermarket Reaps 30-40% Profits from Deli 44



How many of your stores carried each of the following types of merchandise on January 1 of the years listed?
(Based on 381 Responding Companies)

Type of Merchandise	Percent of Stores 1980	1975	1970
Prescriptions	1.7%	0.9%	0.8%
Non Rx Health & Beauty Aids	84.8%	83.8%	82.0%
Photographic Products	71.2%	66.7%	58.8%
Magazines & Newspapers	81.7%	79.7%	76.1%
Automotive Oil & Additives	67.5%	53.0%	43.0%
Panty Hose	92.8%	89.7%	84.1%
Men's/Boys' Underwear	45.1%	39.8%	38.6%
Toys & Games	72.8%	68.8%	61.5%
Stationery & Writing Implements	80.7%	78.2%	75.0%
Pet Accessories	87.1%	84.7%	82.0%

Regular Columns

The Publisher's View 3

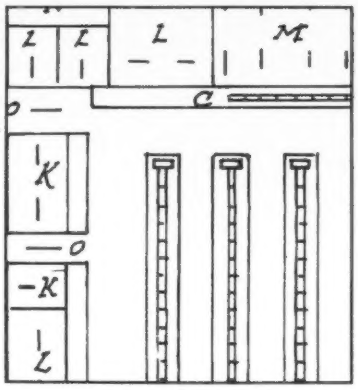
Profitable Store Engineering 27 ▶

Meeting the Technology Challenge 29

Creative Merchandising 30

Consumer Affairs 34

Supplier Perspective 48



The Publisher's View

SB Study Traces 10 Years Of Independents' Growth

by Howard Rauch

In an industry overburdened with definitions, how do you actually define an "independent" grocer? It's a question I'm often asked during slide shows and at other times.

Most people who pose this to me are hoping I will respond in terms of a number: Less than two stores... less than four stores...less than ten stores.

The fact is that even though our magazine uses a numerical yardstick, I have always viewed an independent as not publicly held, and one that operates in a limited trading area in a single state.

I don't want to take up space here to argue about how wide that trading area should or shouldn't be. But you can surely see that if you consider my definition, you might have independents who run fewer than two stores...fewer than ten stores...or possibly more than ten stores.

In any case, SUPERMARKET BUSINESS has always been interested in trends at the independent level. I attend every NARGUS annual convention as well as every Midwinter Conference, and have spoken at several NARGUS and NARGUS affiliate conventions.

It was our concern with that question—"What is an independent?"—that prompted our "Real Worlds of General Merchandise" study, which was released in March. And it also led us to a new joint study with Frank Register and the NARGUS organization. Object of the study: to trace independent growth over the past decade.

Over 400 Responded

A full analysis of our study by SB editor Bruce Buckley appears elsewhere in this issue. Over 400 NARGUS members responded, but the 400th questionnaire was our cutoff point for tabulation purposes. Our 400 respondents obviously do not represent a universe. However, the data they provided surely reflects the growth picture for many other independent grocers.

Here are some findings I thought were most interesting:

■ Of the 400 companies responding in 1980, only 349 were in business in 1970. At that point, 732 stores were operated by the 349, compared to 1,307 owned by the total sample today.

Between 1970 and 1980, there was a 78.6 percent jump in the number of stores operated; between 1975 and 1980, the increase was 29.7 percent.

■ 216 of the respondents operate more than one store today, compared to 123 multi-store operators in 1970. So a slight majority of the sample—54 percent—now fall into the multi-store category. What's more, 80 of the 400 respondents operate four stores or more.

■ Weekly sales per square foot in 1979 averaged $4.98, well below the figure quoted for Food Marketing Institute members. Moreover, there is no correlation between bigger stores and higher sales per square foot, suggesting that several independents still need merchandising efficiency lessons.

For example, multi-unit operators' sales per square foot averaged $4.89 on weekly sales of $67,766 and store size of 13,888 square feet. In contrast, single-store companies averaged $5.57 on weekly sales of $67,794 and store size of 12,176 square feet.

20.9% Have Bakeries

■ In 1980, 20.9 percent of the stores operated by our 400 respondents have on-premise bakeries, compared to 10.1 percent in 1970; 32.2 percent now have a full deli department, as against 20.5 percent in 1970.

■ A fuller range of general merchandise is now offered by more stores. To illustrate, in 1970 only 42.6 percent carried automotive products. That statistic is now up to 65.1 percent.

■ As for generic products, 169 of the responding companies commented on their plans. Before the end of 1980, 46.1 percent expect to offer some generics, compared to 28.1 percent in 1979. And by year-end 1981, 63.1 percent of respondents will be selling generics.

The complete report on study findings begins on page one in this issue. I know you'll want to read it. ■

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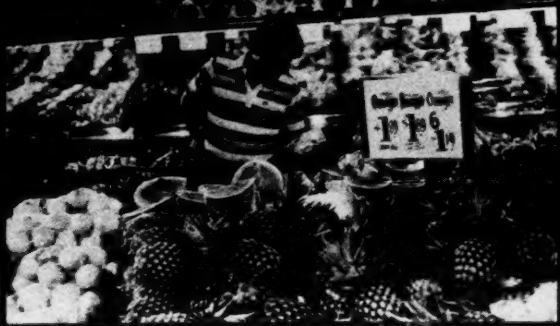
SB SURVEY



400 COMPANIES REPORT:

Independents: A Decade of Growth

Expect Scanning Stores To Triple from 1979-1981

■ *Continued from page 1*

tion of stores under 10,000 square feet fell from 61 percent of existing stores in 1970 to 34 percent this year.

■ Over 56 percent of the respondents' stores grossed between $2.5 million and $7.5 million in 1979. Another 6.2 percent did even better.

■ Of the sample companies, 35 had stores equipped with scanning in 1979. By 1981, 142 of the firms will have scanning stores. Scanning growth will be especially strong in North Central and Western states, where respondents expect that by 1981 27.7 percent and 18.2 percent of their stores, respectively, will have scanners.

Food Service Grows

There were other indications that the sample companies had stretched in size and reach in the past decade. For example, the questionnaire asked about the growth in the number of "food service" departments since 1970.

In the case of on-premises bakeries, respondents indicated that 10.4 percent of their stores had such installations ten years ago. By 1975 the figure had grown to 16.2 percent; this year it is 21.6 percent.

A decade ago, 21.1 percent of the sample stores were equipped with full deli departments. Today the figure stands at 33.4 percent.

Serviced fast food departments were found in 3.1 percent of existing stores in 1970. Now, 11.9 percent of the stores have such departments. There have also been small but steady gains in snack bars and full-service restaurants in the past decade.

It should also be remembered that the 1980 percentages were calculated on a store sample that has almost doubled in a decade, so the growth is even more impressive.

The survey showed that the percentage of food service installations is highest among the larger stores. Regionally, the study found a greater proportion of bakeries and full deli departments in Northeast and North Central states. Sixty five percent of Northeast stores have delis, for example, compared to only 11.2 percent in South Central states.

GM/HBA: 7.6% of Sales

The study also showed that general merchandise and health and beauty aids together contributed 7.6 percent of 1979 store sales. In 1980, GM/HBA dollar sales are expected to increase, but their percentage of total store sales will fall off slightly, to 7.4. The same pattern is expected to repeat itself in 1981. It should be pointed out that GM/HBA's share of profitability will rise, since GM margins are higher than those found in many other departments.

HBA's contribution to sales was four percent last year and is expected to drop by a tenth of a point in 1980. GM is also expected to fall 0.1 percent, from 3.6 percent of sales last year to 3.5 percent in 1980.

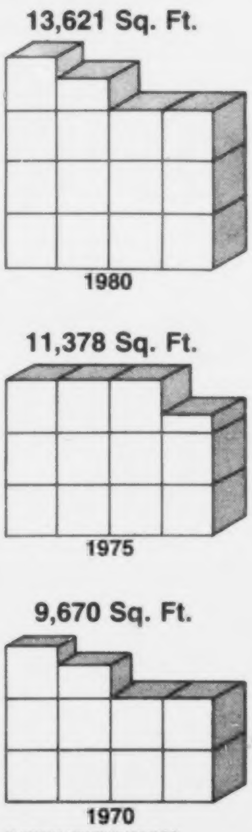
GM/HBA's strongest showing is being made in the West, the survey found. In 1979, HBA accounted for 6.1 percent of sales in Western stores and GM accounted for 4.7 percent. Respondents' projections for this year and next show that they expect the two departments to continue to contribute strongly.

The survey also indicated that vigorous gains have been made in the distribution of automotive oil and additives, photographic products, toys and games, men's and boys' underwear, and other non-food products.

Photographic products, for example,

■ *Continued on page 40*

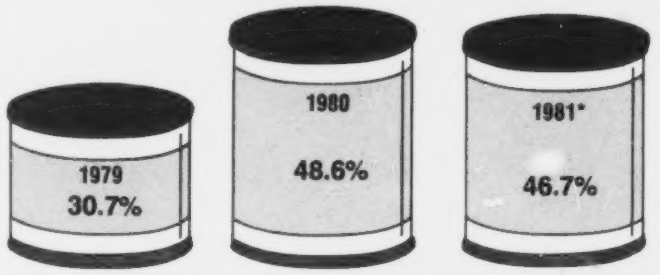
Size of Selling/Display Area of Average Store 1970-1975-1980



SOURCE: SUPERMARKET BUSINESS

BAKERIES AND DELIS have made rapid strides among independents in past decade. Above is a bakery counter at Dierberg's in St. Louis; below, Gromer Supermarket's deli department.

Do you or will you carry any GENERIC items in the years listed?
(Based on 381 Responding Companies)

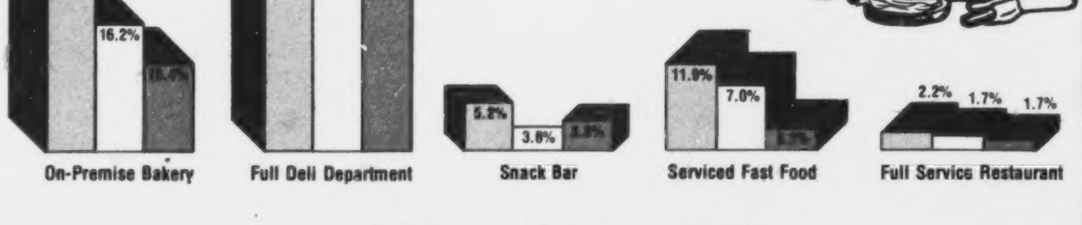


	Percent of Change
1980 vs. 1979	+58.1%
1981* vs. 1980	− 3.8%

*Expected

SOURCE: SUPERMARKET BUSINESS

How many of your stores had each of the following types of 'FOOD SERVICE' installations on January 1 of the years listed?



SOURCE: SUPERMARKET BUSINESS

SB SURVEYS 400 INDEPENDENTS:

GM/HBA Gains; Generics Show Burst of Growth

■ *Continued from page 38*

were carried by 58.8 percent of the sample stores in 1970. By 1980 the figure had grown to 71.2 percent.

Automotives, the strongest gainer, were found in 43.8 percent of the stores 10 years ago and in 67.5 percent in 1980.

Other healthy gainers and their growth figures included: toys and games (61.5 percent of stores in 1970 compared to 72.8 percent this year) and men's and boys' underwear (38.6 to 45.1 percent).

Here, too, it should be noted that the 1980 percentages were figured on a much larger store sample.

Generics Distribution Jumps

SB's survey showed a burst of growth this year in the number of companies carrying generic products, but projected a falloff in 1981. In 1979, 30.7 percent of the 381 responding companies had no-brand products on their shelves. This year there has been an upsurge to 48.8 percent of respondents. However, in 1981 the proportion of companies with generics will drop to 46.7 percent.

Regionally, the heaviest play is being given to generics in the Northeast, North Central and Western states. In each region, the percentage of companies selling generics is about twice that in the South.

Among companies stocking generics, or who plan to do so, the average number of such products will more than double between 1979 and 1981—from 28.1 last year to 63.1 a year from now.

Respondents also reported that private labels are affected most when they take on or increase generic offerings. National brands are affected least.

Newspapers Lead in Ads

Newspapers are far and away the most popular media for advertising, the survey found, with 87.5 percent of 375 responding companies reporting their use. Newspapers were followed in order by radio (used by 61.3 percent of the respondents), handbills (52 percent) television (22 4 percent), and outdoor advertising (10.7 percent). Results were similar from region to region.

The results were also similar for the amount of money spent on advertising in proportion to store sales, varying by no more than two-tenths of a point from region to region.

Nationally, companies reported spending an average of 1.25 percent of sales for advertising in 1979. They projected an increase in their ad budget for both 1980 and '81. But because the expected increases do not keep up proportionately with projected sales gains, there will be an actual decline in the percentage of ad dollars to total sales this year and next.

Put in a different light, respondents are expecting greater sales per dollar invested in advertising in 1980 and '81.

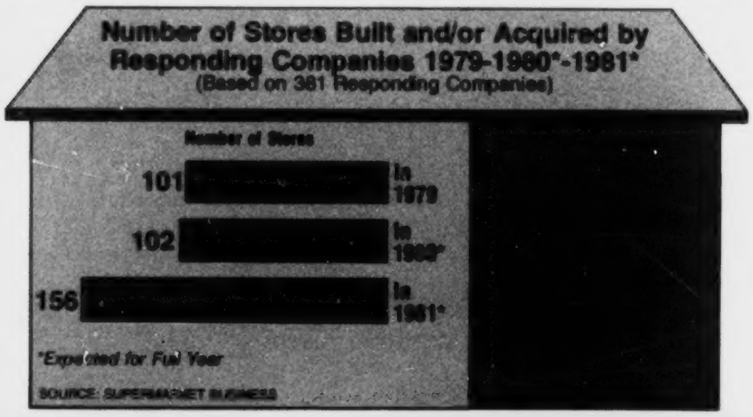
Respondents also said they used an average of one and a half newspaper ad pages a week last year and 15.7 radio or T.V. spots. The number of ad pages will increase to 1.6 this year and 1.7 in 1981. Radio and T.V. spots are also scheduled for increases, to 17.1 in 1980 and 17.7 the following year.

Smaller Stores Decline

The survey showed that the percentage of sample stores considered conventional supermarkets (10,000 square feet and over) remained virtually constant over the past decade. The proportion was 62.9 percent of existing stores in 1970 and 63 percent this year.

But there was some shifting around among other types of stores operated by the companies. For example, the proportion of "smaller" grocery stores (less than 10,000 square feet) dropped from 17.6 percent of the sample in 1970 to 14.5 percent this year. Warehouse stores, on the other hand, climbed to 3.9 percent of sample stores this year from 0.7 percent in 1970.

NARGUS members were also asked to list their strongest competitive threats. Nationally, chain supermar-

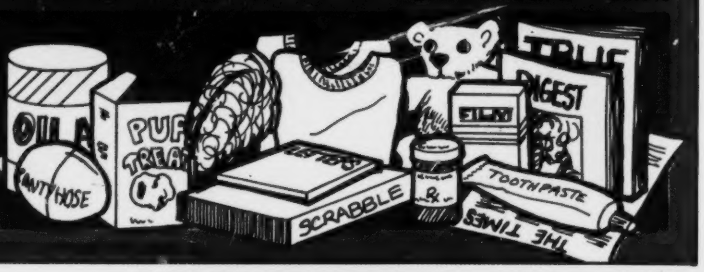


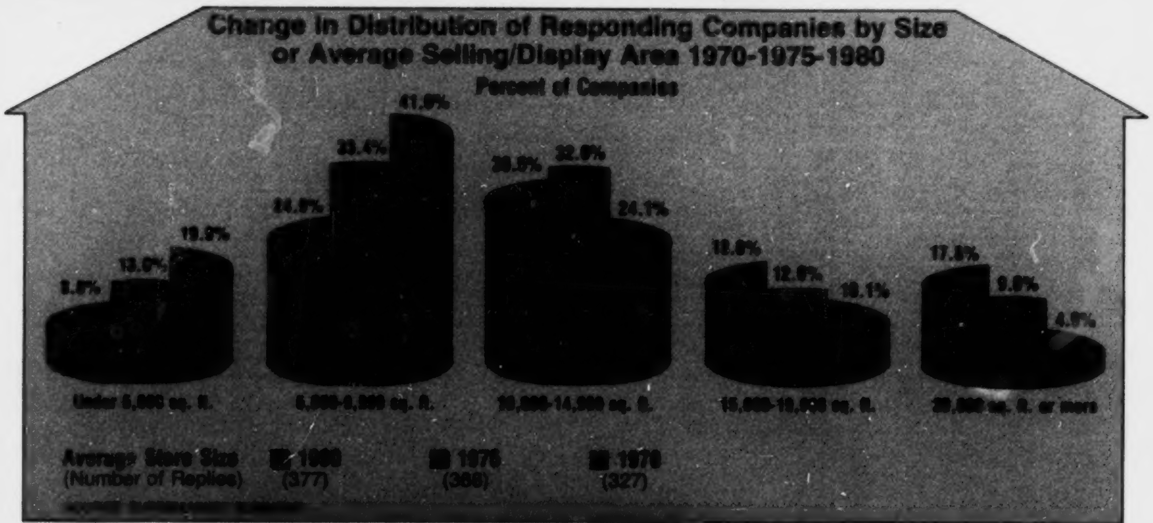
*Expected for Full Year

SOURCE: SUPERMARKET BUSINESS

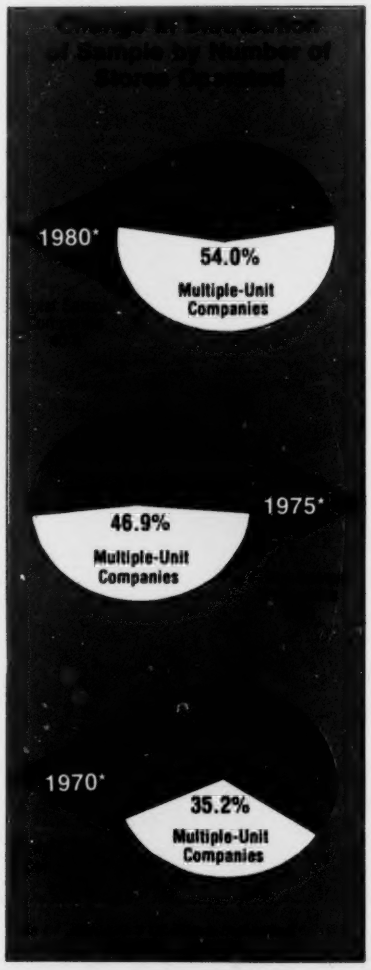
How many of your stores carried each of the following types of merchandise on January 1 of the years listed?
(Based on 381 Responding Companies)

Type of Merchandise	Percent of Stores 1980	1975	1970
Prescriptions	[illegible]	[illegible]	9.9%
Non Rx Health & Beauty Aids	[illegible]	[illegible]	82.0%
[illegible]	[illegible]	[illegible]	56.5%
[illegible]	[illegible]	[illegible]	76.1%
[illegible]	[illegible]	[illegible]	43.8%
[illegible]	[illegible]	[illegible]	84.1%
[illegible]	[illegible]	[illegible]	38.6%
Toys & Games	72.8%	[illegible]	61.5%
[illegible]	[illegible]	[illegible]	75.8%
Pet Accessories	[illegible]	[illegible]	32.9%





FOOD SERVICE installations, like this informal coffee shop at Gromer Supermarket (Elgin, Ill.) have increased among independents in past 10 years.



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kets were named most often (by 72 percent of respondents), followed by other independents (29.9 percent), warehouse stores (13.1 percent), and convenience stores (4 percent).

Results were not very different in each of the five regions for which responses were tabulated. However, in North Central states, warehouse stores were cited as a threat more than twice as often as in other regions.

Family Involvement Increases

Family involvement in the operation of sample companies increased more than it declined over the past five years, SB's survey found. The figures showed that 36.8 percent of the respondents said family involvement in their firms had risen during that period; 13.1 percent said it had lessened; and 50.1 percent said it was the same.

On the other hand, family involvement in the direct management of stores showed a definite drop proportionately in the past decade. In 1970, 47.1 percent of the existing stores were managed by family members. By 1975 that figure had fallen to 40.8 percent. This year it is 35.7 percent. The drop, of course, is related to the increase in the number of stores over the past 10 years.

Economic Issues Most Crucial

NARGUS members were also asked to rate 19 industry issues in terms of importance for the 1980's. Not surprisingly, economic issues scored highest.

The three leading worries of 381 respondents were 1) cost of labor, 2) increased profit squeeze, and 3) cost of energy.

There were regional variations in the responses, but only two seem worth noting: the strong response from Northeast companies about energy costs and the relatively milder response of Western independents toward the top economic issues.

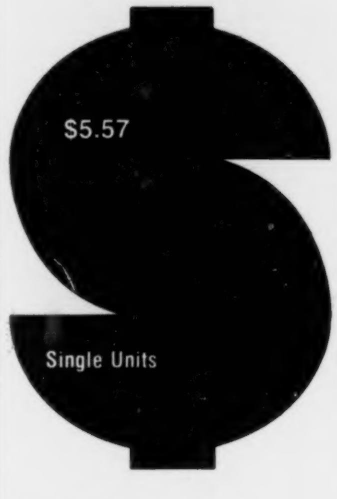
More interesting than regional variations were differences among respondents based on average store size. Consumer pressure, for example, rated fairly low as an issue among all respondents. But there was a strong correlation between size of respondents' average store and the importance they attached to this issue: the bigger the store the more its owner felt that consumer pressure would be a key issue in the coming decade.

Union pressure was another issue that loomed larger for respondents with bigger stores. The percentage of small-store operators who rated this issue as "very important" was only half that of those running the biggest stores.

On the other hand, managing limited store space—another issue they were asked to rate—seemed much less critical to big store owners than operators of small stores. The latter put this issue right up there with the top economic issues as a source of concern.

Competition from fast food outlets was another issue that seemed more important to small store owners. Thirty percent of them rated this issue as "very important" compared to only six percent of the the biggest operators. ■

1979 Weekly Sales Per Square Foot for Single and Multiple Unit Companies

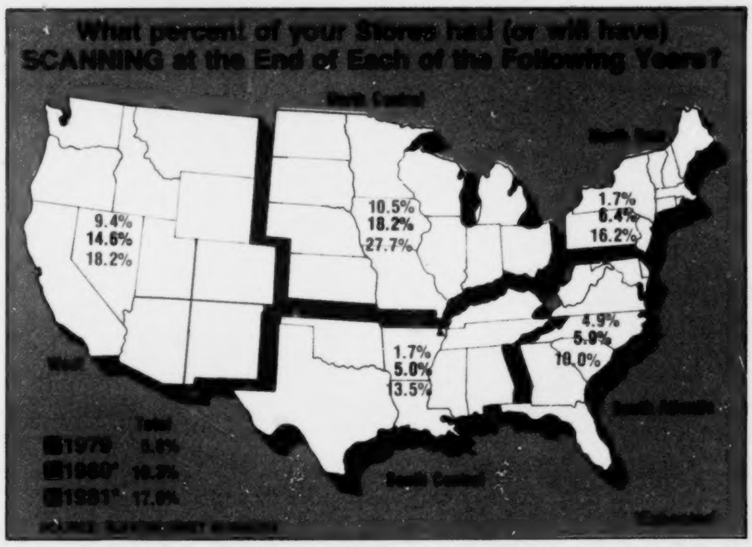


SOURCE: SUPERMARKET BUSINESS

Number of Stores Remodeled by Responding Companies 1979-1980*-1981*
(Based on 381 Responding Companies)

SOURCE: SUPERMARKET BUSINESS

FLORAL DEPARTMENTS such as this one were among special features that have led to independent supermarkets' strong sales growth in past decade.



Characteristics of the Sample

Replies from 400 NARGUS member companies operating	1,307 Stores
Total 1979 sales volume for responding companies	$4.6 Billion
1979 sales volume per sample store: Annual	$3,524,039
Weekly	$ 67,770
Size of selling/display area of average store	13,621 Sq. Ft.
Sales per square foot per week	$4.96

GENERAL MERCHANDISE/HBA accounted for 7.6 percent of 1979 sales for companies in SB's survey. Dollar sales are expected to increase this year and next.

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Supe ket Business

SEPTEMBER 1980 ■ IDEAS, PRODUCTS FOR THE GROCERY INDUSTRY

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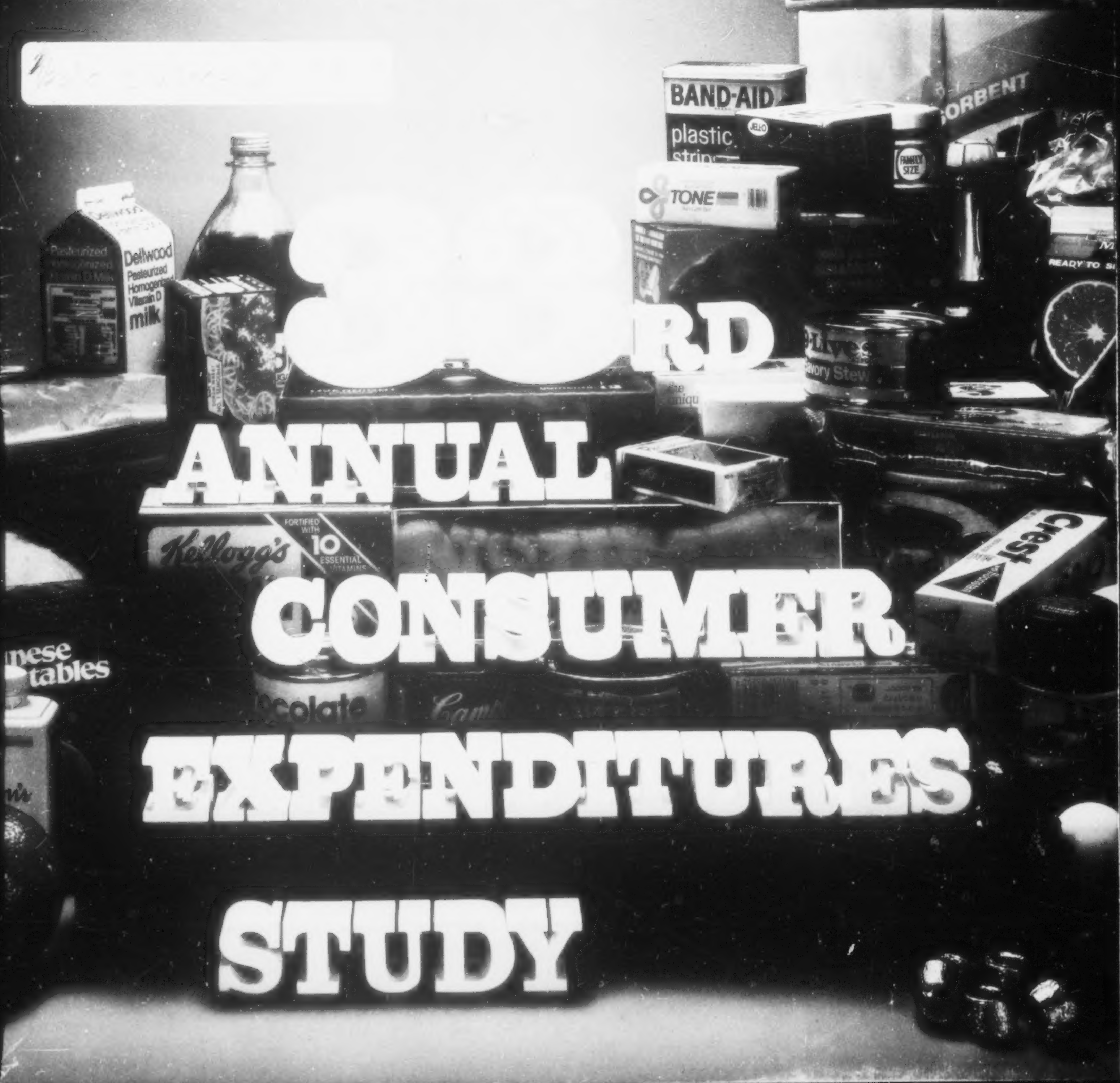
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PROFITABLE FACTS, TRENDS, IDEAS, PRODUCTS FOR THE GROCERY INDUSTRY

Supermarket Business

FORMERLY SUPERMARKETING

Inside this issue...

- How to Discipline Employee Leaders—Page 4
- Survey Describes Likely Shoplifter—Page 5
- Plan Can Trim Need For Backroom Help—Page 19

SEPTEMBER 1980

Food Store Sales Top $179 Billion in 1979

Food Sales Up 9.7%, But Tonnage Off

by Howard S. Rauch, editorial director

NEW YORK CITY—With inflation again the prime culprit, food tonnage in grocery stores continued on a doldrums path in 1979. Overall tonnage actually dropped one percent, although there were some bright spots.

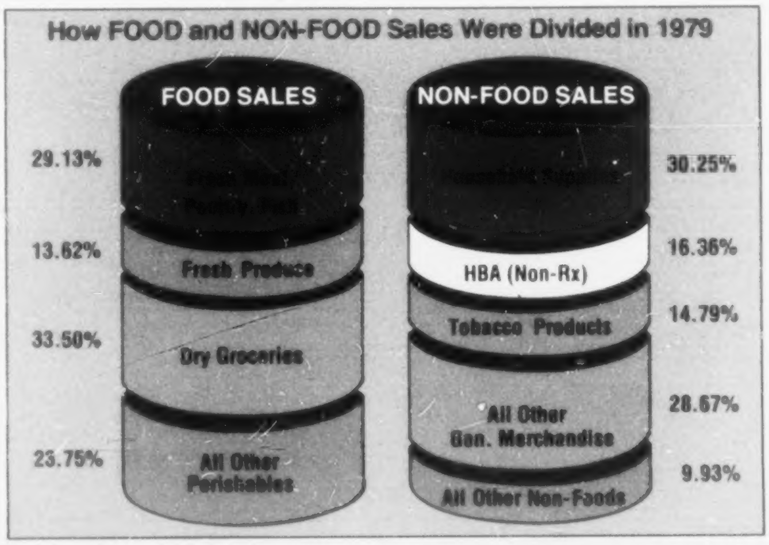
For example, while the meat/fish category showed a one percent decline, pork tonnage rose 14.4 percent. And regular coffee had another tonnage rebound, up 2.9 percent following a 1.4 percent gain in 1978.

The picture is particularly gloomy for food manufacturers, who have been pounding the drawing boards with more than usual vigor. They must contend even more with a flat market made even flatter because of greater retail stress on generics and various forms of private label.

Total food sales in grocery stores for 1979 reached $138.3 billion, a 9.7 percent gain over 1978's $126.0 billion. Sales of all products came to $179.7 billion last year, as against $162.6 billion the previous year.

Tonnage statistics as well as variety of other exlusive statistical material is the basis of SB's Consumer Ex-

■ *Continued on page 36*



Stores Feature More Deals To Keep Fizz in Soft Drinks

by Robert D. Rauch, assistant editor

NEW YORK—Grocers, bottlers, and consumers alike are scrambling to beat the high cost of soft drinks.

Food retailers, concerned over growing shopper resistance to higher prices, are featuring more "specials" on soft drinks;

Bottlers are offering more frequent and favorable deals to grocers in an effort to prevent sales from going flat;

And consumers are concentrating their buying on advertised specials and economical package sizes. They're also flocking to private label soft drinks.

These trends emerged from interviews with ten grocery retailers and beverage buyers nationwide. They also told SUPERMARKET BUSINESS that:

■ Cola still dominates the market, but flavors such as citrus, lemon-lime, root beer and orange are becoming more popular;

■ Bottled water and powdered drink mixes are showing steady sales gains;

■ The two-liter plastic bottle con-

■ *Continued on page 84*

Oil, Additives Lead GM With 41.3% Gain

by Robert A. Leibson, market research director

NEW YORK CITY—Continued emphasis on general merchandise by chains combined with a stronger thrust by independents led to a banner GM/HBA year in 1979.

Tonnage gains were particularly impressive. The motor oil and additives category, for example, zoomed 41.3 percent. This follows a "mere" 8.1 percent tonnage jump in 1978.

In fact, tonnage was stronger in '79 than in the previous year for 12 of 14 GM/HBA categories tracked by SUPERMARKET BUSINESS for the 33rd annual Consumer Expenditures Study.

To illustrate, toy tonnage rose 10.7 percent in '79 compared to 7.3 percent in '78. Stationery/writing implements showed a tonnage jump of 6.2 percent last year vs. 0.6 percent the previous year.

Categories not maintaining a sharpened pace were greeting cards (+3.4 percent in '79 vs. +4.9 percent in '78); magazines and newspapers (+3.7 percent vs. +3.8 percent).

Here are some other facts that suggest the stronger role GM/HBA played for supermarkets last year:

■ All GM (including HBA and pharmacy) accounted for over ten percent of grocery store sales, compared to 9.92 percent in '78.

■ HBA sales reached towards the $7 billion level—$6.7 billion, to be exact—compared to $5.9 billion the previous year.

■ Housewares (excluding glassware) volume reached $2.1 billion—equal to 1.18 percent of average store sales—as against $1.8 billion and 1.15 percent of sales in '78.

■ *Continued on page 38*

Are Your Frozen Food Sales Softening? It's Time to Turn Up Ad, Promo Heat

FROZEN FOODS complement busy lifestyle of today's two-career couple, but products' advantages must be stressed to keep sales strong in weak economy.

by Carol Fensholt, managing editor

MILWAUKEE—Frozen food, unlike some other departments, has a very definite break-even point; after this point is reached, profits rise much more sharply than they do in most other departments.

For this reason, it's vital to aggressively advertise and promote frozen food right now during the current economic slowdown.

This observation is made by Ray Patin, head buyer for 76-unit Kohl's Food Stores here and well-known expert on frozen food retailing.

The recession and a sweltering summer over much of the U.S. have combined to depress frozen food sales in many areas, Patin notes. Sales of expensive items such as seafood especially are down, contrary to last year's trend.

But retailers shouldn't react to this situation by pulling in their promotional horns. Particularly during this time, stores can benefit from strong sales in a high-profit, relatively low-

■ *Continued on page 90*

Pork, Poultry Sales Increase As Consumers Shun Costly Beef

by Bruce Buckley, editor, and Eric Menkes, contributing editor

FREEHOLD, N.J. — Pork and poultry sales took off in many supermarkets this past year as consumers hunted for less expensive alternatives to beef.

At Foodarama Supermarkets here, for example, merchandise director Robert A. Condon reported poultry sales had jumped 20 percent, while overall meat department sales had dropped three quarters of a percentage point.

And at Hillman's Inc. (Chicago), John Stern, vice president, meat and deli division, said that while meat sales are up about two percent, tonnage had plummeted about 15 percent. "Costs are so high," he added, "consumers are trading off to cheaper cuts."

Many of the dozen buying and merchandising execs reached by SUPERMARKET BUSINESS agreed that they could see no end in sight to rising meat prices, especially in light of this summer's severe drought.

"I don't see much optimism," said the meat buyer for a large Western chain. "A drought that lasts this long

■ *Continued on page 84*

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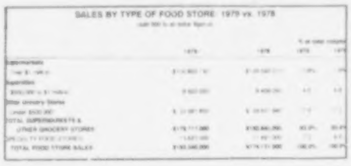
33rd Annual CES

Food Sales 1
GM/HBA Sales 1
Highlights: How We Do It .. 30
The Details 43



SALES BY TYPE OF FOOD STORE: 1979 vs. 1978

Food Trends

Frozen Foods 1
Soft Drinks 1
Meat 1
Beer 64
Liquor & Wine 67
Candy & Gum 70
Baked Goods 72
Deli 75
Dairy 76
Canned Goods 78
Cereals 82
Snacks 85
Produce 86

Non-Food Trends

Baby Needs 68
Pet Needs 88
Household Supplies 89
Tobacco Products 96
Personal Care Products 100
Packaged Medicines 102
Health & Beauty Aids 103
General Merchandise 107
Photo Supplies 110
Magazines & Paperbacks 113
Soft Goods 114
Automotive Products 115

The Publisher's View

Why The Next Five Years Will Make Or Break GM/HBA

by Howard Rauch

There's a scene in the movie "The Frisco Kid" which seems appropriate as I launch this discussion of our prospects for general merchandise and health and beauty aids in the next five years.

For those of you who didn't see the film, Gene Wilder plays a Polish rabbi on his way to San Francisco via the wild West. Amidst such characters as an Indian chief who talks like Danny Thomas and a soft-hearted bank robber, Wilder runs afoul of a trio of creeps led by actor William Smith.

In a saloon confrontation scene, Smith raps Wilder in the mouth, knocking him to the floor. . . and then exclaims: "That was just to get your attention!" Well, in a manner of speaking, supermarkets have been giving other retailers of GM/HBA a similar dose of medicine, with the same attention-getting impact.

For example, I am told that a recent convention of drug store retailers devoted ample time to debating what to do about competition from supermarkets. And why not? Let's face it, grocers' HBA inroads have been building up to that attention-getting rap for some time.

For drug chains, one obvious reaction to grocers would be to invade the food business more heavily. Some druggists have already done so, and that has gotten supermarketers' attention. But for retailers who shun the "more food" rap-in-the-mouth route, the alternative is to beat our brains out via rugged price competition.

Why should this be more of a possibility in the 80's than it was in the 70's? Because the threat to other retailers has reached an apex. First, major grocery chains now have their GM/HBA ducks in a row and are planning to sow more non-food oats via combination stores and other larger outlets.

Second, independents are also pushing harder for GM business. Having participated in a GM workshop at the most recent NARGUS convention, I can assure you that interest was high.

Now let me shift gears and offer some statistics that suggest to what degree we have already gotten other retailers' attention. SUPERMARKET BUSINESS estimated that by the end of 1979, grocery stores accounted for 32 percent of flashlight/battery retail sales, 19 percent of motor oil/additive volume, 13 percent of photo products sales and 21 percent of stationery sales.

Looking at some HBA categories, as of last year we had nabbed 54 percent of adhesive tape sales, 49 percent of the antacid business, 53 percent of cream rinse volume, 49 percent of denture cleanser volume, 56 percent of razor blade sales, 42 percent of regular strength analgesic sales.

Within a few weeks after this editorial is written, I expect to have access to some exclusive housewares statistics; these should show that supermarkets have picked up market share in appliance categories, the bread and butter of department stores and discount stores.

And if we look down the road a bit, SB projects that by 1990, HBA and Rx supermarket sales will reach $14.9 billion. Sales of other general merchandise will be in the neighborhood of $24.1 billion.

One final collection of figures: 16.4 percent of the total general merchandise sales gain for 1979 in supermarkets was accounted for by housewares; 19.2 percent of the total HBA sales gain came from packaged medications.

In short, we are a factor of some size in all these retail categories. . . and getting bigger all the time. But are we getting better? That's the question.

Some retailers are definitely trying to get better. They are holding the line on gross margins. They are applying rigid space analysis standards to GM/HBA. To date some of them tell me, HBA is standing up quite well under examination, but such cannot be said for all GM categories.

One "make or break" influence will definitely be the streamlining of food broker general merchandise operations. I recently addressed the Sales Force Companies non-food group and am hopeful that more broker organizations are on the same wavelength in terms of special attention to GM/HBA.

In any event, it will be an interesting five years. Unfortunately, not everyone will make it through. Profit-oriented management, as opposed to frantic reaction to competitive maneuvers, will be needed more than ever. ■

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New 917-Outlet Study Reveals:

Under-30 Crowd Does Two-Thirds of Shoplifting

VAN NUYS, Calif.—Two-thirds of all apprehended shoplifters are under age 30, a new survey of 917 supermarkets, drug stores and discount stores indicates.

A report by Commercial Service Systems, Inc. reveals that about one-third of all shoplifters are between 18 and 29 years of age. The 12-to-17 age group is the most troublesome in relation to its size; its members are apprehended approximately 2.5 times more frequently than its representation in the general population would suggest.

The findings are based on a survey of 20,111 apprehensions reported by retailers during 1979.

Other findings of the report include the following:

- Retailers prosecute an average of 34.1 percent of apprehended shoplifters;
- The largest percentage of apprehensions occurs between 3 and 6 p.m.;
- Shoplifters most frequently conceal merchandise in a purse, pocket, or under a coat or jacket.

The first step in fighting shoplifting requires that retailers convince personnel that a problem indeed exists, according to Roger Griffin, general manager for CSS. Employees need to be trained and motivated, Griffin told SUPERMARKET BUSINESS. "There is something that literally every store employee can do to combat shoplifting," he added.

If potential shoplifters are made aware that a store is alert to shoplifting, he said, they will be deterred. This can require training personnel to notice suspicious-looking customers. "An employee can approach such an individual and offer assistance: 'We're here to help you. If you need assistance, I'll be watching to help you.'"

A popular shoplifting technique, Griffin noted, involves stuffing merchandise into other packages. "If a checker sees a broken seal, he might say, 'The seal is broken, I better check to make sure the kids haven't been into it.'" Comments of this nature tell the honest shopper that the store is concerned and warn the shoplifters that the store is aware of them.

Prosecution Deters Crime

Deterrence is the retailer's major objective, said Griffin, and this is well achieved though prosecution. There is no indication, though, that prosecuting 100 percent of the shoplifters caught will eliminate shoplifting, according to the report. The objective is to limit shoplifting, not to punish as many people as possible. This is why retailers prosecute an average of only 34.1 percent of apprehensions.

"There's no satisfaction in catching people and going through all the problems of apprehending a person," Griffin told SB. In addition, prosecution is an expensive proposition which most retailers would prefer to avoid.

The survey also found that there is very little variance in the number of shoplifters reported from month to month or day to day. Retailers report 37.6 percent of shoplifting apprehensions occur between 3 p.m. and 6 p.m. This represents the largest percentage of apprehensions and it is also the busiest time of the day for grocery shoppers. It appears that the number of shoplifters is proportional to the number of customers in the store.

The most popular place of concealment is the purse, which 30.6 percent of apprehended shoplifters use. Other frequently used places are under clothing (25.6 percent) and in the pocket (25.6 percent). ■

Age Groups		Categories of Merchandise Stolen	
Under 12:	6.2 %	Fresh Meat:	11.8%
12 to 17:	26.7	Deli:	8.7
18 to 29:	33.7	Other Food:	21.4
30 to 39:	12.8	Liquor:	6.9
40 to 49:	7.0	Cigarette:	5.2
50 to 59:	5.4	Vitamins:	0.9
60 and over:	7.1	Sundries:	7.5
Not indicated:	1.1	Clothing:	7.7
		Other Non-Foods:	30.0

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For full details call Nick Mulligan at (216) 771-5121.

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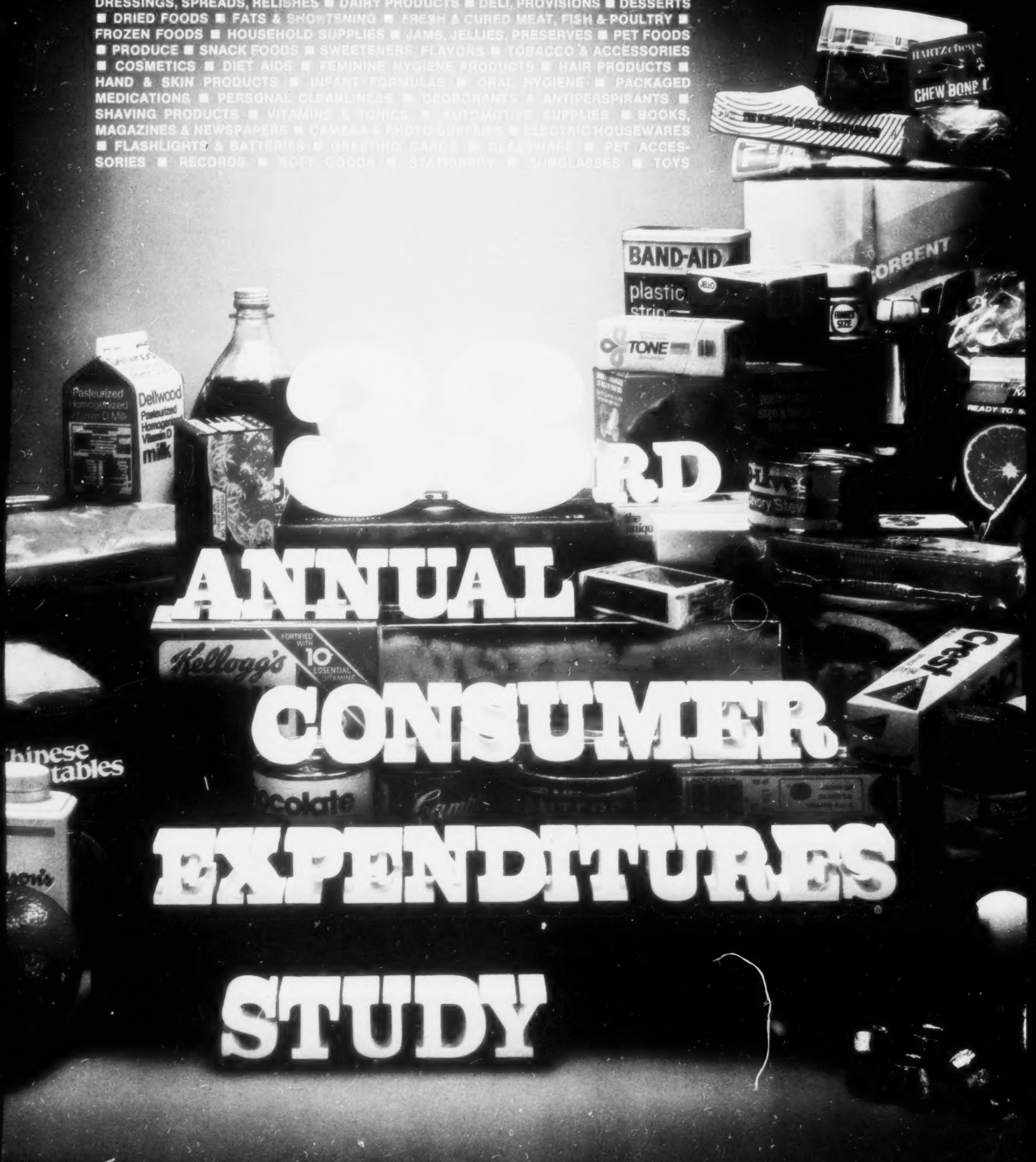
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33RD ANNUAL CONSUMER EXPENDITURES STUDY

33rd Annual Consumer Expenditures Study

by Robert A. Leibson, market research director

In the more than three decades that SUPERMARKET BUSINESS' annual Consumer Expenditures Study (CES) has appeared in these pages, the one thing that has followed, as the night follows the day, is the questions we get from our readers. And the questioning starts almost as soon as the issues reach the desks of the addressees.

The queries are directed at our editors, publishers, and market researchers. They come by mail, by telephone, and during personal interviews. They come from retailers, wholesalers, manufacturers, advertising agencies, and government offices. They even come from other publications.

While the questions vary, most have to do with how we arrive at the many estimates we print.

In anticipation of these methodology questions, we have, from time to time, explained our methods in the printed report itself. The last such explanation appeared with our 27th annual study (September, 1974). Judging from the large number of inquiries we received after the delivery of the 32nd issue (September, 1979) we believe it's time to again explain "how we do it."

By way of introduction, we usually state that the data published in our CES is based on consensus rather than census. In other words, instead of asking any of our many respondents his or her own company's sales or shipments of a particular line of merchandise, our questionnaire asks respondents to indicate the percent change in the retail sales of all such merchandise for the period in question. And in order to make use of the percent changes reported by our respondents, we need the estimates for previous year's sales.

For most of the 1979 merchandise lines reported, 1978 estimates were already available from our 32nd annual CES. These estimates were used as benchmarks, and were updated to 1979 by applying the percent changes reported by our respondents.

The aforementioned respondents comprise a group of leading manufacturers, packers, importers, bottlers, trade associations, marketing and management companies, advertising agencies, etc. Our questionnaires to those companies' executives asked, "What was the percent change (1979 vs. 1978) in retail sales of the following products, though all outlets, and through grocery stores alone?"

In those instances where replies covering a particular product category differed significantly, further questioning of the respondents was necessary. It has been our experience that, for the most part, these differences turn up when some respondents reply in terms of "tonnage" or units change, while others respond in terms of price or dollar change. Other differences occur when one marketer is reporting a particular company's sales, and another is reporting on industry-wide sales.

After reasons for the differences were determined and the replies adjusted accordingly, averages of the reported percent changes were calculated and applied to our estimates for 1978. The results represented our "preliminary" estimates for 1979.

And while all this was going on, a companion series of studies of retailers was being conducted. Our questionnaires to chain company executives, store managers, and independent store owners asked, "Of your total store sales, what portion was accounted for by each of the following merchandise lines in 1979 and in 1978?" The responses, from several thousand supermarkets and smaller grocery stores, enabled us to determine the grocery store sales of the surveyed product categories for this "sample."

From this information, we were able to determine the percent change in grocery store sales of these categories for the two years in question. The averages of these percent changes were applied to the 1978 grocery store sales figures for another set of "preliminary" 1979 estimates. Final estimates were derived from these "preliminaries."

Of course, the methods just described serve only to explain how we were able to update our 1978 estimates. How did we arrive at the 1978 (or other benchmark) estimates?

Most of them were based on information provided by the Census of Manufacturers covering 1947, 1954, 1958, 1963, 1967, 1972, and the preliminary findings for 1977. The manufacturers' value of shipments reported by these Department of Commerce studies were converted to retail sales by our staff via a painstaking series of calculations. This was required for the exclusion of exports and industrial usage, the addition of imports, and examination of beginning, and end-year, inventories, and margins and markups.

And in addition to this, we surveyed manufacturers, packers, etc., for their dollar estimates of the retail sales of specified products for a given year, through all outlets and through grocery stores alone.

While we pride ourselves on the fact that SUPERMARKET BUSINESS' Consumer Expenditures Study is frequently referred to as the Bible of the industry, we must share the credit with the thousands of retailers, wholesalers, manufacturers, and others, whose cooperation makes these surveys possible. ■

Highlights

Inflation: Key Trend Affecting 1979 Grocery Store Sales

by Howard S. Rauch, editorial director

NEW YORK CITY—Inflation—as usual—is the first thing one thinks of when drawing up a list of key trends affecting 1979 grocery store sales.

In fact, there is some justification for such a conclusion.

Volume rose 10.5 percent last year, the third biggest gain in the past 15 years. Obviously, this was not a sign of growth if you consider that food tonnage was down following a flat 1978.

Only in 1973 and 1974 did grocery sales move at a faster clip, up 11.4 percent and 13.1 percent, respectively. And we can certainly recall what our inflation problems were in those two "growth" years.

So as you examine the exclusive data compiled for this 33rd Annual Consumer Expenditures study, you have to read between the lines on such matters as:

- ■ Impact of increased emphasis on private label and generics, particularly in new limited assortment and warehouse stores.
- ■ Greater pressure at all trade

CHANGE IN "TONNAGE" FOR 15 LEADING $ SALES GAINERS AND $ SALES LOSERS 1979 vs 1978

	% Change 1979 vs 1978		
Product Category	Grocery Store Sales $	Retail Price*	Grocery Store Tonnage
Fresh beef	+17.4 %	+25.0%	− 6.1%
Fresh fruit	+12.8	+12.4	− 0.4
Beer	+10.5	+10.4	+ 0.1
Fresh poultry	+14.5	+ 5.0	+ 9.0
Fresh milk	+12.7	+11.5	+ 1.1
Fresh pork	+16.1	+ 1.5	+14.4
White bread	+11.2	+11.9	− 0.6
Cold cuts	+12.7	+15.2	− 2.2
Fresh vegetables	+ 3.9	+ 2.9	+ 1.0
Cigarettes	+ 7.3	+ 6.0	+ 1.2
Packaged bacon	− 6.8	− 7.2	+ 0.4
Regular coffee	− 3.1	− 5.8	+ 2.9
Fresh veal	− 8.0	+24.0	−25.8
Potatoes	− 2.5	− 4.0	+ 1.6
Semi-moist dog food	− 1.7	+ 7.4	− 8.5

* Based on BLS Consumer Price Index

levels to increase promotional activity on national brands.

- Further trials of all forms of food service by chains and independents.
- Shuttering or sale of more stores by chains, leaving independents as kingpins in more market areas.
- More attention to space management techniques which will certainly strangle the future of "me too" product development.

You'll find some of the above trends addressed elsewhere in this issue. Meanwhile, let's take a quick look at what some of this year's CES figures suggest.

Restaurant Tonnage Slips

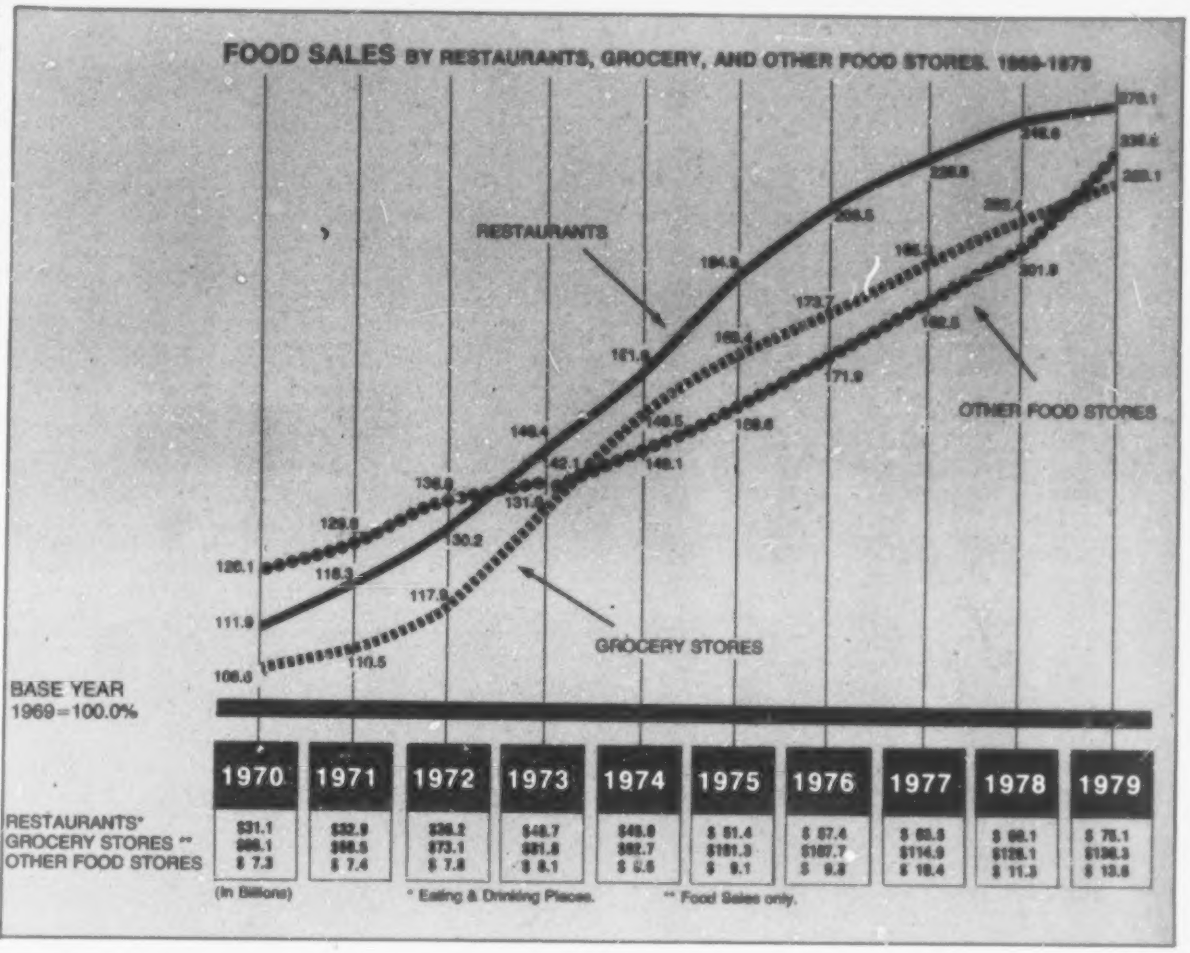
Last year I suggested that the fast food business was headed towards market saturation. Indeed, supermarkets certainly contributed to this somewhat as they accelerated their foodservice activity (SB-Jan.).

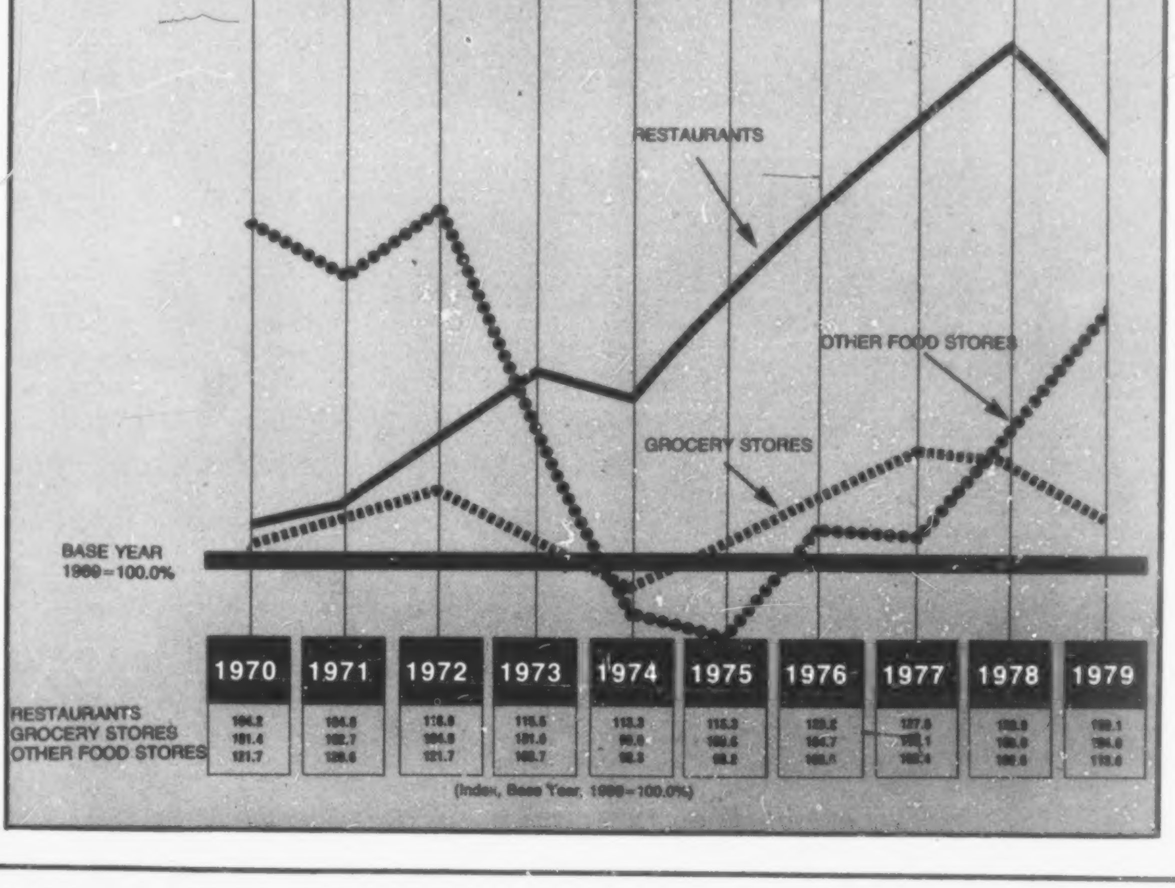
The key statistic here—as shown in the "Index of Food 'Tonnage' Sales..." chart (this page)—is that restaurant tonnage dropped about two percent in 1979. This is the first decline registered since 1974 and certainly should sound a warning buzzer for astute marketers.

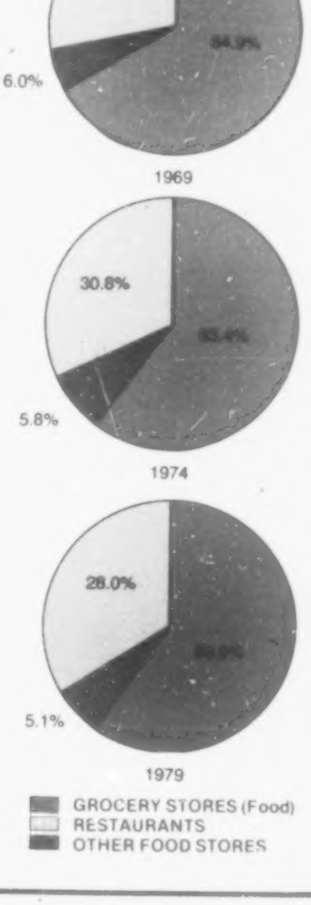
Furthermore—and pay attention to this—prices for food away from home rose 11.2 percent in 1979 compared to 10.8 percent for food consumed at home. This fact lends much more punch to those supermarket-sponsored ad campaigns that rap the high cost of eating out.

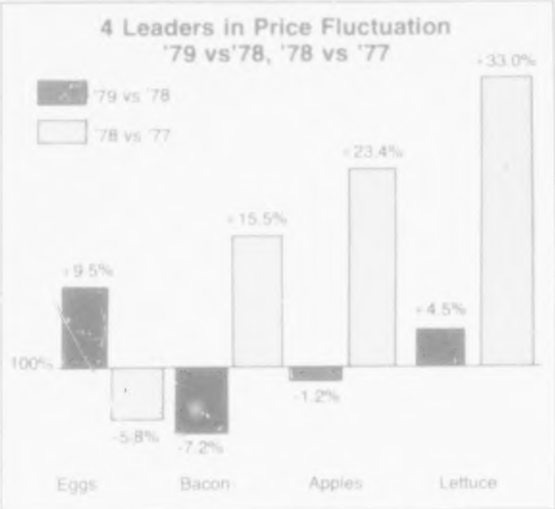
Of course, we already know that grocery store tonnage is not much bet-

■ Continued on next page









GM Prices Out-pace Food

■ *Continued from preceding page*

ter off than restaurant's but how about those specialty stores? SUPERMARKET BUSINESS' official definition of specialty food stores includes "meat, seafood, fruit and vegetable markets, confectionery, bakery and other. . ."

Tonnage at "other"food stores was up 6.8 percent in 1979, following a three percent gain in 1978. Sales at such outlets rose 18.6 percent in 1979 to $13.6 billion. This is the second best percentage gain among the 11 retail store categories tracked by SB. Only gasoline service stations (no surprise) topped specialty food's sales performance.

When one talks about tonnage and growth, general merchandise enters the picture. A more detailed assessment of GM/HBA begins on page one of this issue. But an examination of pricing trends for GM vs. food may be worthwhile. For instance, you'll notice in the "Changes in Retail Prices..." chart (this page) that price increases for GM/HBA have been steeper in some cases when compared to food.

This might suggest that while grocers are preoccupied with how to make rising food prices more palatable to consumers, the growing need for GM/HBA promotions should not be overlooked.

Specifically, "food at home" prices rose 10.8 percent in 1979, following a 10.4 percent increase in 1978. Magazine/book prices increased 8.5 percent last year after just a 4.0 percent jump the previous year.

Motor oil prices were up 8.6 percent

Changes in Retail Prices of Selected Supermarket Items* 1979-1978

*Source: Bureau of Labor Statistics, Consumer Price Index.
N.A. Not available

	% Change	
	1979 vs. 1978	1978 vs. 1977
FOOD	+10.9	+ 9.9
Food Away From Home	+11.2	+ 9.0
Food At Home	+10.8	+10.4
Food and Beverages	+10.8	+ 9.7
Cereals and Bakery	+10.1	+ 8.9
Bread, white	+11.9	+ 6.5
Other bread	+10.7	+12.1
Cookies	+ 9.9	+ 9.5
Cakes, Cupcakes	+ 9.8	+ 8.7
Flour, prepared mixes	+10.2	+12.4
Fresh Beef	N.A.	N.A.
Sirloin Steak	+21.6	+23.7
Hamburger	+33.5	+27.3
Chuck Roast	+31.7	+28.5
Pork	+ 1.5	+12.9
Chops	+ 3.3	+11.6
Bacon	- 7.2	+15.5
Sausage	+ 4.4	+18.2
Canned Ham	+ 2.4	+11.1
Other Meats	N.A.	N.A.
Frankfurters	+17.6	+22.8
Bologna, liverwurst, salami	+15.2	+20.1
Beef and Veal	+27.3	+25.7
Poultry	+ 5.0	+10.3
Fresh Whole Chicken	+ 1.9	+ 8.5
Fresh and Frozen Chicken Parts	+ 5.3	+12.7
Other Poultry	+ 9.2	+17.5
Fish and Seafood	+ 9.8	+ 8.9
Canned Fish	+ 7.2	+ 6.9
Fresh & Frozen Fish and Seafood	+11.3	+ 9.2
Dairy Products	+11.6	+ 6.7
Fresh Whole Milk	+11.[illegible]	+ 5.7
Butter	+13.1	+11.1
Eggs	+ 9.5	- 5.8
Cheese	+12.3	+11.4
Ice Cream & Related Products	+11.7	+11.5
Other Dairy Products	+ 9.2	+ 9.7
Fresh Fruits & Vegetables	+ 7.6	+12.1
Apples	- 1.2	+23.4
Bananas	+12.9	+11.7
Oranges	+19.2	+32.3
Potatoes	- 4.0	+ 3.8
Lettuce	+ 4.5	+33.0
Tomatoes	+11.0	- 2.0
Processed Fruits	+11.8	N.A.
Frozen fruit & fruit juices	+ 7.3	+11.9
Other fruit juices	+11.4	+10.7
Canned & dried fruits	+16.0	+15.6
Processed Vegetables	+ 5.5	N.A.
Frozen Vegetables	+ 4.9	+ 6.2
Cut Corn & Canned Beans	+ 7.4	+ 6.8
Other canned & dried vegetables	+ 4.8	+ 3.6
Sugar and Sweets	+ 7.6	+12.3
Candy and Chewing gum	+ 9.3	+11.4
Sugar and Artificial Sweeteners	+ 5.1	+11.1
Other Sweets	+ 7.9	+ 7.1
Fats and Oils	+ 8.0	+ 9.5
Margarine	+ 6.3	+10.2
Other fats, oils and salad dressings	+ 9.0	+13.2
Non-dairy Substitutes and Peanut Butter	+ 8.1	+ 8.2
Prepared Beverages	+ 5.0	+ 5.7
Cola drinks except diet cola	+ 9.5	+ 6.7
Carbonated drinks including diet cola	+ 8.3	+ 7.6
Other non-carbonated drinks	+ 7.1	+ 8.9
Roasted Coffee	- 5.8	- 9.5
Freeze-dried Instant coffee	- 4.3	+ 5.1
Alcoholic Beverages	+ 7.9	+ 7.1
Beer and Ale	+10.4	+ 6.0
Whiskey	+ 4.1	+ 4.3
Wine	+ 9.0	+11.1
Other Prepared Foods	+10.1	+ 8.0
Canned, packaged soup	+ 9.1	+ 6.9
Frozen prepared foods	+12.8	+10.4
Snacks	+11.6	+ 7.7
Seasonings, olives, pickles relish	+ 9.1	+ 8.2
Miscellaneous prepared foods	+ 9.0	+10.5
Other canned, packaged prepared foods	+ 9.6	+10.2
HOUSEKEEPING SUPPLIES		
Soaps and Detergents	+ 7.4	+ 6.7
Other laundry, cleaning products	+ 6.8	+ 4.0
Paper towels, napkins, tissues	+ 9.9	+ 5.9
Miscellaneous Household products	+ 7.7	+4.5
TOBACCO PRODUCTS		
Cigarettes	+ 6.0	+ 5.1
Other tobacco products and smoking accessories	+ 6.4	+ 3.9
HEALTH & BEAUTY AIDS		
Prescriptions	+ 7.8	+ 7.8
Hair Products	+ 6.7	+ 2.3
Dental and Shaving Products	+ 8.7	+ 3.4
Cosmetic, bath and nail products, manicure and eye makeup implements	+ 7.0	+ 2.0
Other toilet goods	+ 5.3	+ 2.7
GENERAL MERCHANDISE		
Newspapers	+ 6.6	+ 4.3
Stationery & Supplies	+ 6.0	+ 2.4
Magazines, Books	+ 8.5	+ 4.0
Photo Supplies	+ 4.4	+ 3.2
Motor Oil, Coolant and other products	+ 8.6	+ 5.2

in '79 vs. 5.2 percent in '78. Other comparisons: stationery and supplies (+6.0 vs. +2.4); hair products (+6.7 vs. +2.3); dental and shaving products (+8.7 vs. +3.4); cosmetics (+7.0 vs. +2.0).

There are obviously many cases where the inflation rate of the above GM/HBA categories matches or exceeds that of selected food categories.

Chains Do 67.7%

Chains (operators of four or more stores) accounted for 67.7 percent of 1979 grocery sales, as indicated in the "Grocery Store Sales Trends" chart (page 35).

It would be more revealing to point out that the 38,881 stores operated by chains generated $121.7 billion, while 135,549 independent stores accounted for $57.9 billion.

Total number of grocery stores continued to decline last year to 174,430 from 177,522 in 1978. Back in 1967, there were 218,130 stores; in 1958, the figure was 259,796.

Here are some other key facts culled from the accompanying tables and graphs:

■ Food continued to decline as a percent of total store sales: to 89.6 percent in '79 from 90.8 percent in 1978. Food categories showing an increased share of total store sales in-

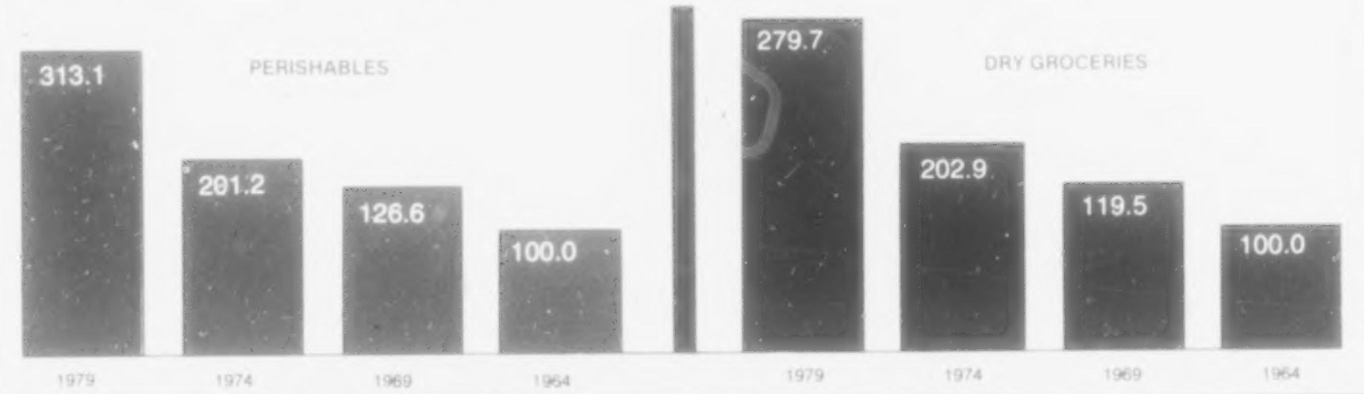
■ *Continued on following page*

DISTRIBUTION OF GROCERY STORE FOOD* DOLLARS BY PRODUCT CATEGORY 1979-1974-1969-1964

	1979	1974	1969	1964
PERISHABLES				
Baked Goods	7.86%	7.44%	8.57%	9.02%
Dairy Section	9.82	8.29	8.28	9.79
Frozen Foods	6.07	6.42	6.43	5.01
Meat, Fish, & Poultry	29.13	27.92	29.15	27.19
Produce	13.62	13.69	12.84	12.93
TOTAL PERISHABLES	**66.50%**	**63.76%**	**65.27%**	**63.95%**
DRY GROCERIES				
Baking Needs	.04%	.04%	.05%	.07%
Alcoholic Beverages	6.60	6.41	6.35	6.09
Prepared Beverages	4.73	3.82	3.70	4.47
Soft Drinks	3.18	3.22	2.87	2.39
Confectionery	1.37	1.31	1.41	1.36
Canned Foods	7.40	8.06	8.95	9.14
Cereals, Flour, Macaroni	3.32	3.56	3.42	3.58
Condiments, Dressings	2.13	2.20	2.18	2.33
Desserts	.18	.21	.26	.29
Dried Foods	1.51	1.54	1.40	1.46
Fats & Shortening	.89	2.18	1.69	1.72
Jams, Jellies & Preserves	.46	.47	.48	.54
Sweeteners, Flavors	1.23	2.13	1.35	1.59
All Other Foods*	.46	1.09	.62	1.02
TOTAL DRY GROCERIES	**33.50%**	**36.24%**	**34.73%**	**36.05%**
TOTAL FOODS*	**100.00%**	**100.00%**	**100.00%**	**100.00%**
GROCERY STORE SALES ($ MILLION)				
Perishables	$ 91,989	$59,114	$37,196	$29,381
Dry Groceries	46,328	33,599	19,791	16,561
TOTAL FOODS*	**$138,317**	**$92,713**	**$56,987**	**$45,942**

*Edibles for human consumption

INDEX of GROCERY STORE SALES of PERISHABLES and DRY GROCERIES 1964-1979
1964 = 100.0%



FOOD STORE SALES: 1979 vs. 1978

(add 000 to all dollar figures)

	1979	1978	$ Change	% Change
Independent Grocery stores & Supermarkets (Operators of 1 to 3 Stores)	$ 57,991,070	$ 53,468,770	+$ 4,522,300	+ 8.5%
Chain Grocery Stores and Supermarkets (Operators of 4 or more stores)	$121,725,930	$109,171,230	+$12,554,700	+11.5%
Total Grocery Store Sales	$179,717,000	$162,640,000	+$17,077,000	+10.5%
Specialty Food Stores (Meat, Seafood, Fruit and Vegetable Markets, Confectionery, Bakery, and other food stores)	$ 13,623,000	$ 11,491,000	+$ 2,132,000	+18.6%
Grand Total	$193,340,000	$174,131,000	+$19,209,000	+11.0%

Grocery Trend Analysts Had To Read Between The Lines In '79

■ *Continued from preceding page*

cluded fresh meat/fish/poultry, dairy and alcoholic beverages.

■ Food categories registering an increased share of total food sales included baked goods, dairy, meat/fish/poultry, alcoholic beverages and confectionery.

■ Food categories occupied spots 8-10 among 1979's [illegible] "Ten Fastest Gainers" (page 37). Natural cheese volume rose 18.8 percent to $1.4 billion; dried fruit sales went up 18.3 percent to $410.8 million; fresh beef business jumped 17.4 percent to $16.2 billion.

■ *Continued on opposite page*

RETAIL FOOD PRICE INDEX* 1967-1979

Year	Foods at Home	Foods Away From Home
1967	100.0	100.0
1968	103.2	105.2
1969	108.2	111.6
1970	113.7	119.9
1971	116.4	126.1
1972	121.6	131.1
1973	141.4	141.4
1974	162.4	159.4
1975	175.8	174.3
1976	179.5	186.1
1977	190.2	200.3
1978	210.2	218.4
1979	232.5	242.9

*BLS Consumer Price Index

SALES CHANGES 1979 vs 1978

(add 000 to all dollar figures)

Supers—Over $1 Million			
	1979	$136,803,130	Up $12,210,120
	1978	$124,593,010	Up 9.8%
Supers—$500,000 to $1 Million			
	1979	$8,922,020	Up $512,970
	1978	$8,409,050	Up 6.1%
All Supers			
	1979	$145,725,150	Up $12,723,090
	1978	$133,002,060	Up 9.6%
Grocery Stores—Under $500,000			
	1979	$33,991,850	Up $4,353,910
	1978	$29,637,940	Up 14.7%
Specialty Food Stores			
	1979	$13,623,000	Up $2,132,000
	1978	$11,491,000	Up 18.6%

SALES BY TYPE OF FOOD STORE: 1979 vs. 1978

(add 000 to all dollar figures)

	1979	1978	% of total volume 1979	% of total volume 1978
Supermarkets				
Over $1 million	$136,803,130	$124,593,010	70.8%	71.6%
Superettes				
$500,000 to $1 million	8,922,020	8,409,050	4.6	4.8
Other Grocery Stores				
Under $500,000*	$ 33,991,850	$ 29,637,940	17.6	17.0
TOTAL SUPERMARKETS & OTHER GROCERY STORES	$179,717,000	$162,640,000	93.0%	93.4%
SPECIALTY FOOD STORES†	13,623,000	11,491,000	7.0	6.6
TOTAL FOOD STORE SALES	$193,340,000	$174,131,000	100.0%	100.0%

* Includes convenience stores and other small grocery stores.
† Includes meat, seafood, fruit and vegetable markets, confectionery, bakery, dairy and other food stores. Excludes grocery stores.

COMPARISON OF GROCERY STORE SALES TO OTHER RETAILING INDUSTRIES* 1979 vs. 1978

	1979 Sales (000)	% of Total	% Change 1979 vs 1978
ALL RETAIL STORES	$886,047,000	100.0%	10.0%
Grocery Stores**	179,717,000	20.3	10.5
Specialty Food Stores	13,623,000	1.5	18.6
Eating & Drinking Places	75,139,000	8.5	8.7
Motor Vehicle Dealers	161,277,000	18.2	4.8
Gasoline Service Stations	71,804,000	8.1	21.3
Building Supply, Hardware Stores	52,239,000	5.9	13.8
Furnishings, Appliances	41,868,000	4.7	14.0
General Merchandise Group	110,233,000	12.4	8.0
Apparel Group	43,029,000	4.9	8.2
Drug & Proprietary Store	27,174,000	3.1	9.6
Liquor Stores	15,596,000	1.8	13.3
All other retail stores	94,260,000	10.6	14.1

*As indicated by USDC.
**Estimated by Supermarket Business

SUPERMARKET & GROCERY STORE SALES GAINS: 1964-1979

	% Change	Volume Gain (000)
1963 to 1964	Up 5.1%	$ 2,750,000
1964 to 1965	Up 6.6%	$ 3,740,000
1965 to 1966	Up 7.1%	$ 4,290,000
1966 to 1967	Up 0.8%	$ 370,000
1967 to 1968	Up 7.8%	$ 4,950,000
1968 to 1969	Up 5.5%	$ 3,850,000
1969 to 1970	Up 8.5%	$ 6,280,000
1970 to 1971	Up 6.5%	$ 5,210,000
1971 to 1972	Up 9.3%	$ 7,870,000
1972 to 1973	Up 11.4%	$10,840,000
1973 to 1974	Up 13.1%	$13,620,000
1974 to 1975	Up 9.9%	$11,667,000
1975 to 1976	Up 6.9%	$ 8,919,000
1976 to 1977	Up 7.2%	$ 9,948,000
1977 to 1978	Up 9.8%	$14,516,000
1978 to 1979	Up 10.5%	$17,077,000

Our Definitions Of Grocery Stores...

Definitions: Some of the following terms are referred to in this report. To assist interpretations of our findings, they are listed below:

Supermarket-*Complete, full-line self-service food markets with a minimum volume of $1 million per year.*

Superettes-*Self-service or service food stores handling groceries, meats and produce, with annual sales of $500,000 to $1 million.*

Convenience Stores-*Bantam or small food stores, usually open extended hours and selling a limited line of fast-moving items.*

All Other Food Stores-*Small (less than $500,000 annual sales) general food stores and specialty food stores whose major line may be meat, dairy, produce or general groceries, or food stores not classified above.*

Chains-*An operator of four or more food retailing stores, regardless of individual dollar volume.*

Collection of data and statistical compilations for the 33rd annual CES were conducted by Marianne Faybik, market research manager.

Highlights

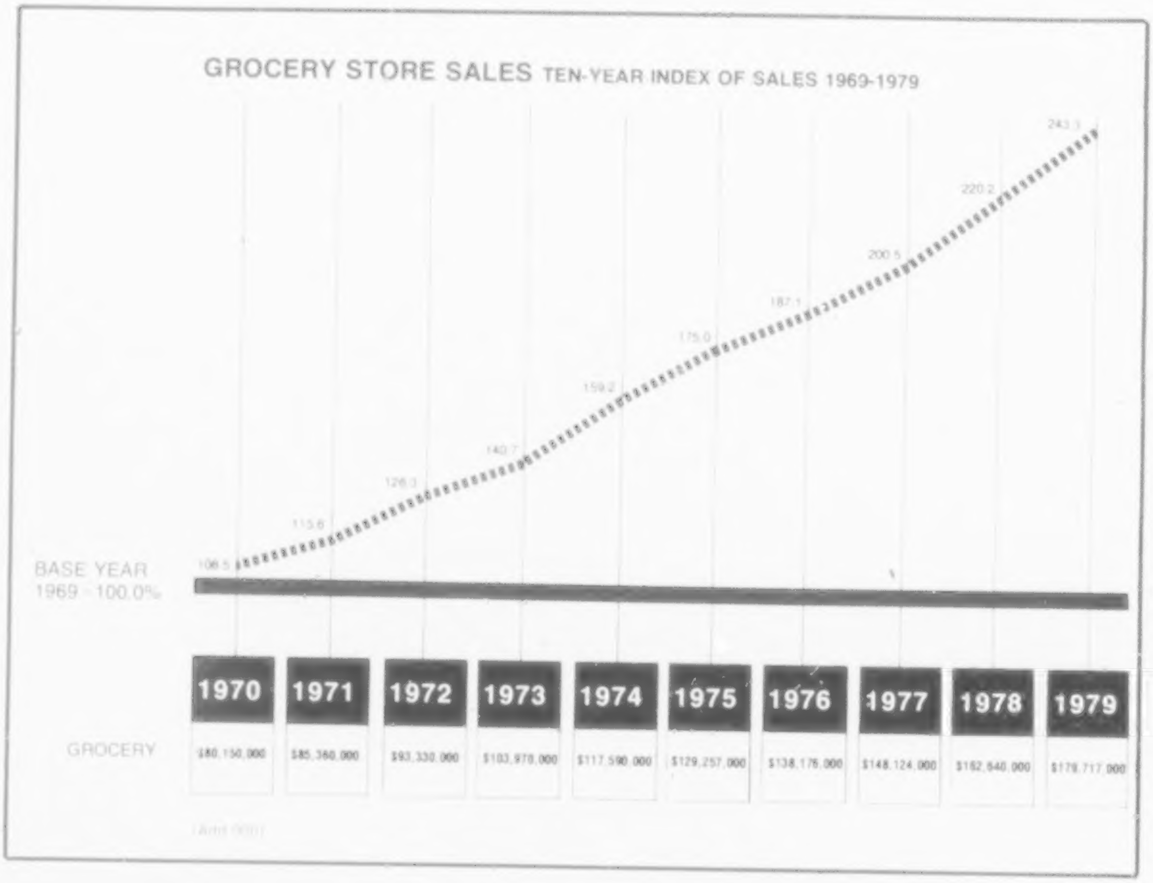
■ Among the ten biggest losers in dollar volume (page 37) were bacon (-$139.8 million); regular coffee (-$109.2 million) fresh veal (-$55.4 million); instant coffee (-$50.1 million; potatoes (-$37.5 million).

■ Turnaround products sales/wise included home canning supplies (+16.2 percent in 1979 vs. -13.0 percent in 1978); canned tomatoes (+9.5 percent vs. -11.7 percent); eggs/shell (+10.4 percent vs. -4.2 percent); bottled green olives (+9.7 percent vs. -1.8 percent); packaged bacon (-6.8 percent vs. +13.6 percent); instant coffee (-2.7 percent vs. +6.0 percent).

Per capita expenditures in grocery store products reached $816.51 in 1979,compared to $746.05 in 1978. The respective per household expenditure figures were $2,324.03 and $2,139.85.

■ The total weekly grocery store budget in 1979 was $44.70, compared to $41.15 in 1978. Over half the '79 budget—$22.88—went for perishables. Better than one third of the perishables budget—$8.52—was spent on meat. Dry groceries expenditures came to $11.52 per week, of which better than one third was spent on beverages. For example, the weekly "beer budget" was $2.01, with $1.47 allocated to coffee and tea and $1.09 set aside for soft drinks.

(Editor's note: Several new product trend reports were added to this year's CES issue, including a special analysis of general merchandise. For a listing of all reports, see page 3.) ■


GROCERY STORE SALES TEN-YEAR INDEX OF SALES 1969-1979

GROCERY STORES SALES TRENDS, 1958-1979

	1958*	1963*	1967*	1972*	1977*	1978	1979
Number of Grocery Stores	259,796	244,838	218,130	194,346	178,835	177,522	174,430
Sales (000)	$ 43,696,000	$ 52,566,470	$ 65,073,736	$ 93,327,525	$148,124,000	$162,640,000	$179,717,000
Sales per store	$ 168,193	$ 214,656	$ 298,326	$ 480,213	$ 828,272	$ 916,168	$ 1,030,310
U.S. Population (000)	174,000	178,000	198,000	208,000	216,800	218,000	220,099
"People" per store	670	727	908	1,070	1,212	1,228	1,262
Number of Grocery Stores							
Over $1,000,000	10,332	14,464	18,995	22,350	30,878	32,316	34,158
$500,000-$1 million	9,092	11,143	11,797	11,860	11,462	12,555	13,873
$500,000 or more	19,424	25,607	30,792	34,210	42,340	44,871	48,031
All other	240,372	219,231	187,338	160,136	136,495	132,651	126,399
Sales (000)							
Over $1,000,000	$ 18,757,000	$ 26,407,140	$ 38,473,751	$ 64,116,010	$114,499,850	$124,593,010	$136,803,130
$500,000-$1 million	6,445,000	8,056,130	8,572,415	8,674,520	7,998,700	8,409,050	8,922,020
$500,000 or more	$ 25,202,000	$ 34,163,270	$ 47,046,166	$ 72,790,530	$122,498,550	$133,002,060	$145,725,150
All other	$ 18,494,000	$ 18,403,200	$ 18,027,570	$ 20,536,995	$ 25,625,450	$ 29,637,940	$ 33,991,850
Sales per store							
Over $1,000,000	$ 1,815,430	$ 1,825,710	$ 2,025,470	$ 2,868,720	$ 3,708,140	$ 3,855,460	$ 4,005,010
$500,000-$1 million	708,860	722,980	726,660	731,410	697,850	669,780	643,120
$500,000 or more	$ 1,297,470	$ 1,345,850	$ 1,527,870	$ 2,127,760	$ 2,893,210	$ 2,964,100	$ 3,033,980
All other	$ 76,940	$ 82,370	$ 96,230	$ 128,250	$ 187,740	$ 223,430	$ 268,930
Sales-% of Total Grocery Sales							
Over $1,000,000	42.9%	50.2%	59.1%	68.7%	77.3%	76.6%	76.1%
$500,000-$1 million	14.7%	15.3%	13.2%	9.3%	5.4%	5.2%	5.0%
$500,000 or more	57.6%	65.5%	72.3%	78.0%	82.7%	81.8%	81.1%
All other	42.4%	34.5%	27.7%	22.0%	17.3%	18.2%	18.9%
Chains (4 or more stores)	19,935	24,078	29,342	32,695	41,173	40,291	38,861
Total sales (000)	$ 21,055,749	$ 27,258,710	$ 36,530,190	$ 56,940,000	$ 98,889,410	$109,171,230	$121,725,930
Sales per store	$ 1,056,220	$ 1,132,100	$ 1,244,980	$ 1,741,530	$ 2,401,800	$ 2,709,570	$ 3,130,730
% of total sales	48.2%	51.9%	56.1%	58.7%	66.8%	67.1%	67.7%
All other stores	239,861	220,760	188,788	161,651	137,662	137,231	135,549
Total sales (000)	$ 22,640,594	$ 25,307,760	$ 28,543,546	$ 36,387,525	$ 49,234,590	$ 53,468,770	$ 57,991,070
Sales per store	$ 94,390	$ 114,639	$ 151,194	$ 225,100	$ 357,850	$ 389,630	$ 427,820
% of total sales	51.8%	48.1%	43.9%	41.3%	33.2%	32.9%	32.3%

*Based on USDC Censuses of Retail Trade. 1977 Sales adjusted to include taxes.

Data Includes Sales for 460 Categories

■ *Continued from page 1*

penditures Study. This year's report includes two years of data for over 460 grocery store categories.

An innovation carried over from the previous CES is the breakdown on percent of total food sales accounted for by every food category...and percent of total non-food sales contributed by every non-food category.

Deflation Is Necessary

Comparison of sales dollars and actual tonnage for perishables alone again illustrates the need to deflate in order to get a true market picture.

Let's first consider fresh beef. It is again at the top of the "...20 Biggest Gainers..." list (page 37). In 1979, dollar volume jumped $2.4 billion, a 17.4 percent gain. But tonnage was off 6.1 percent.

Fresh fruits and vegetables rebounded slightly from 1978, but the dollar-tonnage comparison still must be made. Fruit was 1979's second biggest volume gainer, up from the third slot on the 1978 list. Sales rose by $830.5 million, or 12.8 percent, but tonnage was up by just 0.4 percent.

Vegetables hold down the ninth post in this year's list, compared to second place last year. The dollar volume gain was $430.3 million or 3.9 percent. Tonnage was up one percent.

This, of course, reflects the "consumer substitution" reaction that is believed to work in favor of produce when beef prices hit a high point.

A look at this year's "Change in Tonnage..." chart shows that fresh beef's retail price rose 25 percent last year, compared to 12.4 percent for fresh fruit and 2.9 percent for vegetables.

In the previous year, there was virtually no pricing differential between beef and fresh fruit. Beef prices were up 23 percent and tonnage was down 2.4 percent. Fruit prices rose 22.5 percent; tonnage was off by 9.6 percent.

Still another category worth examining is soft drinks. Here again, consumer substitution has taken hold within the past two years as the price of the 64-ounce container—for example—has neared $1.50.

In 1979, soft drink volume increased

SALES BY DEPARTMENT AS PORTION OF TOTAL STORE

	1979	1978	1977
Fresh meat, fish, poultry	22.42%	21.78%	20.49%
Fresh produce	10.48	10.81	10.77
Dairy section	7.56	7.48	7.72
Baked goods[1]	6.05	6.05	6.05
Frozen foods[2]	4.67	4.79	4.92
Alcoholic beverages	5.08	5.07	5.13
Prepared beverages	3.64	4.08	4.58
Soft drinks	2.45	2.50	2.56
All other foods	14.61	14.95	15.34
Other groceries	12.66	12.57	12.57
Total foods & groceries	**89.62%**	**90.08%**	**90.13%**
Health & beauty aids, Rxs	4.26%	4.14%	4.12%
Other general merchandise	6.12	5.78	5.75
Total general merchandise	**10.38%**	**9.92%**	**9.87%**
TOTAL	**100.00%**	**100.00%**	**100.00%**

[1] Excludes frozen pies, cakes, pastries.

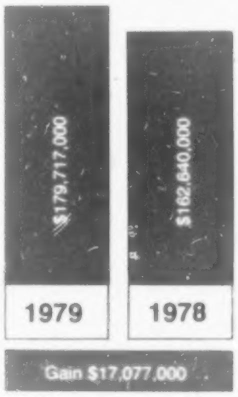
[2] Includos pies, cakes, pastries. Excludes bread and rolls.

THE 10 LEADERS IN STORE VOLUME

Rank				1979 Grocery Store Sales	% Change in Sales		% of Store Volume		
'79	'78	'77	Item	(add 000)	'79 to '78	'78 to '77	'79	'78	'77
1	1	1	Fresh Beef	$16,228,300	+17.4%	+20.1%	9.03%	8.50%	7.77%
2	2	2	Provisions	12,939,790	+ 9.6	+14.2	7.20	7.26	6.96
3	3	3	Fresh Vegetables	11,515,170	+ 3.9	+ 9.9	6.40	6.82	6.81
4	4	4	Beer	8,094,300	+10.5	+ 7.9	4.50	4.50	4.58
5	5	5	Fresh Fruit	7,327,120	+12.8	+10.7	4.08	3.99	3.96
6	6	6	Cigarettes	5,866,730	+ 7.3	+ 7.7	3.26	3.36	3.43
7	7	8	Paper Products	5,292,960	+15.3	+10.7	2.95	2.82	2.68
8	8	7	Fresh Milk	4,972,790	+12.7	+ 4.5	2.77	2.71	2.85
9	9	10	White Bread	4,568,860	+11.2	+12.8	2.54	2.53	2.46
10	10	11	Fresh Poultry	4,489,790	+14.5	+17.1	2.50	2.41	2.26

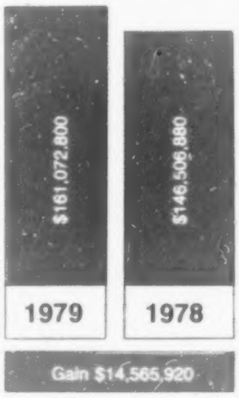
Highlights of 1979

Total Supermarket and Grocery Store Sales
(Add 000)



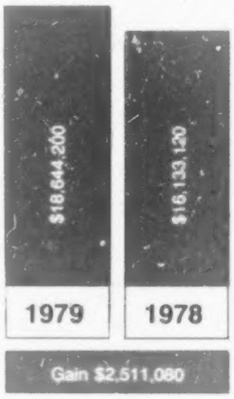
+10.5 %

Sales of All Food & Grocery Products
(Add 000)



+9.9 %

Sales of General Merchandise/HBA
(Add 000)



+15.6%

Highlights

THE 20 BIGGEST GAINERS IN VOLUME
Ranked according to increase in dollar volume

Rank	Item	Department	'79-'78 Sales Increase (000)	% Increase	% of Store Volume
1	Beef	Meat	$2,405,220	17.4%	9.03%
2	Fresh fruit	Produce	830,550	12.8	4.08
3	Beer	Beverages	769,140	10.5	4.50
4	Fresh poultry	Meat	568,580	14.5	2.50
5	Fresh milk	Dairy	559,030	12.7	2.77
6	Fresh pork	Meat	512,120	16.1	2.06
7	White bread	Bakery	460,170	11.2	2.54
8	Cold cuts & other provisions	Meat	445,330	12.7	2.20
9	Fresh vegetables	Produce	430,380	3.9	6.40
10	Cigarettes	Grocery	399,130	7.3	3.26
11	Other sausage products	Meat	291,740	13.6	1.36
12	Housewares, other	Gen. Merch.	259,360	13.9	1.18
13	Toilet paper	Household	245,240	17.1	.93
14	Natural cheese	Dairy	235,540	18.8	.83
15	Bottled soft drinks	Beverages	222,270	7.9	1.70
16	Cured ham & picnics	Meat	208,960	10.3	1.24
17	Fresh fish & other fresh seafood	Meat	198,840	15.0	.85
18	Crackers, biscuits, cookies	Bakery	196,490	7.3	1.61
19	Disposable diapers & liners	Household	193,000	19.1	.67
20	Frankfurters	Meat	190,070	15.4	.79

THE 10 FASTEST GAINERS IN 1979*
Ranked according to percentage gain in sales

Rank	Item	'79 Grocery Store Sales (000)	Percent Increase From 1978	Percent of store Volume 1979
1	Motor Oil & Additives	$ 185,820	53.4%	.10%
2	Mens, Boy's Underwear	53,470	26.7	.03
3	Batteries	290,940	21.3	.16
4	Disposable Cigarette Lighters	50,450	21.1	.03
5	Cat Litter	135,230	19.2	.07
6	Sunglasses	44,040	19.2	.02
7	Disposable Diapers & Liners	1,203,470	19.1	.67
8	Natural Cheese	1,489,160	18.8	.83
9	Dried Fruit	410,870	18.3	.23
10	Fresh Beef	18,228,300	17.4	9.03

* Excludes HBA

8.2 percent to $4.3 billion, but tonnage was off by 0.6 percent. "Cola drink" prices rose 9.5 percent last year, following a 6.7 percent hike in 1978.

Several buyers maintain that shoppers shifted somewhat towards fruit juices because the price break was better. In fact, this may have been true in the case of frozen juices, but not other juices.

Frozen juice sales moved up 7.3 percent last year, following an 11.9 percent increase in 1978. Meanwhile, "other juice" rose 11.4 percent in '79 on the heels of a 10.7 percent jump the previous year.

Beer Is Number Three

Once again, beer provided one of the key growth stories for a supermarket food category (tonnage was up 0.1 percent in '79). It ranks third on the "20 Biggest Gainers In Volume" list (this page), moving up from fifth place last year. The category was in the seventh slot on the same list in 1977.

In 1979, beer sales rose $769.1 million or 10.5 percent to $8.09 billion. The category accounted for 4.5 percent of grocery store sales. SUPERMARKET BUSINESS projects that by 1990, beer volume will reach $16.2 billion in grocery stores, equal to five percent of store sales and 6.6 percent of food sales alone.

In fact, its strong "food sales" position has prompted beer suppliers to mount some very sharp space management oriented campaigns this year. According to SB estimates, beer now accounts for a greater percentage of food sales than canned fruits vegetables, cheese, cereals, coffee and soft drinks.

(Editor's note: "Percent of food sales" projections were included in the "Digging Into the 80's" report described in my May editorial. SB will publish excerpts from that report in an upcoming issue.) ■

THE 10 FASTEST LOSERS IN 1979* RANKED ACCORDING TO PERCENTAGE LOSS IN SALES

Rank	Item	'79 Grocery Store Sales (000)	Percent Decrease from 1978	Percent of Store Volume
1	Rug Cleaning Powders	$ 350	10.4%	.02%
2	Laundry Bar Soap	5,120	9.4	—
3	Fresh Veal	637,220	8.0	.35
4	Bluing	3,720	6.9	—
5	Packaged Bacon	1,916,240	6.8	1.07
6	Dry Laundry Starch	7,090	6.7	—
7	Shelf Paper	1,370	6.2	—
8	Household Ammonia	18,360	5.7	.01
9	Lard	83,820	5.0	.05
10	Waxed Paper	10,240	3.7	.01

* Excludes HBA
— Less than .005%

AND THE 10 BIGGEST LOSERS* RANKED ACCORDING TO DECREASE IN DOLLAR VOLUME

Rank	Item	Decrease from '78 Sales (000)	% Decrease from 1978
1	Packaged Bacon	$139,810	6.8%
2	Regular Coffee	109,280	3.1
3	Fresh Veal	55,410	8.0
4	Instant Coffee	50,180	2.7
5	Potatoes	37,500	2.5
6	Semi-Moist Dog Foods	4,860	1.7
7	Lard	4,410	5.0
8	Laundry Starch	2,590	2.5
9	Ready Whipped Cream	1,610	3.6
10	Household Ammonia	1,110	5.7

* Excludes HBA

AND A FEW TURN-AROUND PRODUCTS*
Items of interest that gained in 1979 after losing in 1978 and vice versa

Item	Grocery Store Sales (add 000) 1979	1978	1977	% Change in Sales '79 vs '78	'78 vs '77
Home Canning Supplies	$ 112,830	$ 97,090	$ 111,620	Up 16.2 %	Down 13.0 %
Canned Tomatoes	266,690	243,550	275,820	Up 9.5	Down 11.7
Eggs (Shell)	1,101,840	996,040	1,041,800	Up 10.4	Down 4.2
Bottled Green Olives	99,870	91,040	92,710	Up 9.7	Down 1.8
Dry Milk Powders	117,380	113,960	124,410	Up 3.0	Down 8.4
Packaged Bacon	1,916,240	2,056,050	1,809,900	Down 6.8	Up 13.6
Instant Coffee	1,808,190	1,858,370	1,753,180	Down 2.7	Up 6.0
Household Ammonia	18,360	19,470	19,010	Down 5.7	Up 2.4
Semi-Moist Dog Foods	281,060	285,920	271,790	Down 1.7	Up 9.2
Laundry Starch	99,330	101,920	99,090	Down 2.5	Up 2.9

* Excludes HBA

CONSUMER PURCHASES IN GROCERY STORES 1979-1978

Per Capita and Per Household

	1979		1978	
U.S. Population*	**220.1 Million**		**218.0 Million**	
Households*	**77.3 Million**		**76.0 Million**	
	Annual	**Week**	**Annual**	**Week**
Perishables				
Per Capita	$ 417.94	$ 8.04	$ 379.77	$ 7.30
Per Household	$1,190.03	$ 22.89	$1,089.28	$ 20.95
Dry Groceries				
Per Capita	$ 210.49	$ 4.05	$ 198.50	$ 3.82
Per Household	$ 599.32	$ 11.53	$ 569.37	$ 10.95
TOTAL FOODS				
Per Capita	$ 628.43	$ 12.09	$ 578.27	$ 11.12
Per Household	$1,790.05	$ 34.42	$1,658.65	$ 31.90
Other Groceries				
Per Capita	$ 104.97	$ 2.02	$ 93.77	$ 1.80
Per Household	$ 298.90	$ 5.75	$ 268.94	$ 5.17
TOTAL FOODS & GROCERIES				
Per Capita	$ 733.40	$ 14.10	$ 672.04	$ 12.92
Per Household	$2,088.25	$ 40.16	$1,927.59	$ 37.07
General Merchandise/HBA				
Per Capita	$ 83.12	$ 1.60	$ 74.01	$ 1.43
Per Household	$ 236.68	$ 4.55	$ 212.26	$ 4.08
TOTAL				
Per Capita	$ 816.53	$ 15.70	$ 746.05	$ 14.35
Per Household	$2,324.33	$ 44.69	$2,139.85	$ 41.15

*Population and Household data from U.S.Bureau of the Census.Households include 1-person households. Excludes armed forces overseas.

HOW THE AVERAGE SHOPPER SPENT THE WEEKLY SUPERMARKET BUDGET*

	1979	1978	1977
PERISHABLES			
Baked goods	$ 2.70	$ 2.49	$ 2.33
Dairy section	3.38	3.08	2.97
Frozen foods	2.09	1.97	1.89
Fresh meat and provisions	8.52	7.63	6.71
Fresh fish	.38	.34	.29
Fresh poultry	1.12	.99	.87
Produce	4.69	4.45	4.14
Total for Perishables	**$22.88**	**$20.95**	**$19.20**
DRY GROCERIES			
Beer	$2.01	$1.85	$1.76
Wine and Liquor	.26	.23	.21
Baby food (excluding cereals, formulas)	.16	.14	.14
Cereal and rice	.66	.62	.58
Candy and chewing gum	.47	.44	.41
Canned foods			
Fruits	.34	.33	.32
Juices and drinks	.26	.24	.23
Meat and poultry	.45	.42	.40
Seafood	.35	.32	.30
Soups	.26	.25	.24
Vegetables	.58	.56	.55
Milk	.09	.08	.08
Coffee and tea	1.47	1.53	1.61
Dried foods	.52	.48	.47
Jam, jellies, and preserves	.16	.15	.15
Macaroni, spaghtti, noodles	.17	.16	.16
Desserts	.06	.06	.06
Soft drinks	1.09	1.03	.98
Sugar	.34	.34	.32
All other edibles	1.82	1.72	1.64
Total for Dry Groceries	**$11.52**	**$10.95**	**$10.61**
Total for Foods	**$34.40**	**$31.90**	**$29.81**
OTHER GROCERIES			
Paper goods	$1.32	$1.16	$1.03
Soaps, detergents	.84	.76	.71
Other household supplies	.96	.89	.05
Pet foods	.72	.66	.63
Tobacco products	1.52	1.44	1.38
Groceries, n.e.c.	.30	.26	.23
Total for Other Groceries	**$5.66**	**$5.17**	**$4.83**
GENERAL MERCHANDISE			
Health and beauty aids (non-Rx)	$1.69	$1.50	$1.40
Préscriptions	.22	.20	.19
Housewares	.53	.50	.45
All other general merchandise	2.20	1.88	1.76
Total for General Merchandise	**$4.64**	**$4.08**	**$3.80**
GRAND TOTAL	**$44.70**	**$41.15**	**$38.44**

* Includes 1-person households

Automotive Tonnage Up 41%, GM Pace Stronger in '79

■ *Continued from page 1*

■ Measured in percentage increases, almost every GM category had a better sales performance in supermarkets than the total retail market. Consider, for instance, that motor oil/additive sales were up 53.4 percent for grocery, compared to a 12.3 percent gain for all retail outlets.

Flashlight/battery business in grocery was up 21 percent vs. 11.4 percent for all outlets, while photo products volumes rose 15.8 percent compared to 3.3 percent for total retail.

Reaches $18B Level

Total general merchandise/HBA volume last year hit $18.6 billion in grocery stores, a 15.6 percent leap over 1978's $16.1 billion. At the $2.1 billion level in '79, the "housewares, other" category ranked 12th among "The 20 Biggest Gainers In Volume" (see page 31); it was in the 14th slot when CES editors compiled the '78 list.

Another way to measure GM's impact is via the "Where The 1979 Sales Increase Came From" table (this page). Of the 25 key contributors to toal volume, eight were GM/HBA categories. Making the list for the first time: motor oil/additives and flashlights/batteries.

Strides made by these two categories can also be assessed via this year's "The Fastest Gainers In 1979" list (page 37). Motor oil tops the list, while batteries is in third place.

Also on the list: cat litter and sunglasses—both with a 19.2 percent sales gain in 1979.

Other GM/HBA trend indicators worth examining can be found among statistics in this year's "Consumer Purchases In Grocery Stores, " chart (this page) and "How the Average Shopper Spent the Weekly Supermarket Budget" table (also this page).

Per capita expenditures for GM/HBA in grocery stores were pegged at $83.12 for '79, compared to $74.01 in '78. Per household outlays were calculated at $236.68 last year, as against $212.26 the previous year.

Out of a $44.70 weekly grocery budget in '79, the average shopper allocated $4.64 to GM/HBA. This stacks up against $4.08 in '78 out of a weekly grocery budget of $41.15.

Reaching A Crossroads?

While HBA/GM seemingly has arrived at peak activity, there is some question as to where it will go from here. Projections made by SUPERMARKET BUSINESS for GM in particular suggest a slower growth rate in the 80's.

Among the possible reasons for this—as described in our May issue—is the greater emphasis on space management techniques. Several major retailers that engaged in major GM expansion in the late 70's are first beginning to take stock of how many slow movers they've brought on board.

And independents—while apparently willing to accord GM more space

WHERE THE 1979 SALES INCREASE CAME FROM

		Sales Increase Over 1978 (000)	% of Total Gain
1	Fresh & Cured Meat, Fish, Poultry	$4,866,930	28.5%
2	Dairy Section	1,425,120	8.3
3	Household Supplies	1,414,540	8.3
4	Fresh Produce	1,260,930	7.4
5	Baked Goods	1,027,190	6.0
6	Alcoholic Beverages	883,230	5.2
7	Health & Beauty Aids (non-Rx)	845,440	5.0
8	Canned Foods	765,410	4.5
9	Frozen Foods	617,860	3.6
10	Tobacco Products	418,260	2.4
11	Cerals, Flour, Macaroni	355,130	2.1
12	Soft Drinks	332,730	1.9
13	Pet Foods	279,970	1.6
14	Housewares	259,360	1.5
15	Condiments, Dressings, Spreads	214,780	1.3
16	Dried Foods	175,130	1.0
17	Candy & Chewing Gum	152,300	0.9
18	Magazines & Newspapers	87,720	0.5
19	Prescriptions	86,320	0.5
20	Fats & Shortening	71,790	0.4
21	Sweeteners, Flavors	71,060	0.4
22	Photographic Supplies	66,470	0.4
23	Motor Oil & Additives	64,660	0.4
24	Pet Accessories	60,020	0.4
25	Flashlights & Batteries	53,470	0.3
All Other Products		1,221,140	7.2
TOTAL GAIN		$17,077,000	100.0%

in larger stores being operated—are mismanaging the category somewhat, according to space/sales relations calculated by SB.

Some suppliers are concerned about food retailers' inability to resist the temptation to slice GM margins. And finally, more traditional retailers of HBA/GM—drug stores, department and discount stores—have finally taken note that drastic action is needed to take the wind out of supermarket's non-food sails.

All this makes for a very interesting decade that will undoubtedly see many dramatic changes in the way HBA/GM is marketed in retail outlets.

(Editor's note: For more information on general merchandise and health and beauty aids, see other stories on pages 100 through 115.) ■

PROFILE OF GROCERY STORE SALES BY NUMBER OF STORES OPERATED

Companies Operating	1979 Sales (000)	1978 Sales (000)	% of Total 1979	% of Total 1978	% Change
Single units	$49,292,410	$45,397,300	27.4%	27.9%	+ 8.6%
2 or 3 stores each	8,698,660	9,071,470	4.9	5.0	+ 7.8
4 or 5 stores each	5,599,390	5,045,360	3.1	3.1	+11.0
6 to 10 stores each	6,573,200	5,943,520	3.7	3.6	+10.6
11 to 25 stores each	10,346,710	9,249,620	5.8	5.7	+11.9
26 to 50 stores each	11,563,960	10,344,020	6.4	6.4	+11.8
51 to 100 stores each	13,146,400	11,799,490	7.3	7.2	+11.4
101 or more stores each	74,496,270	66,789,220	41.4	41.1	+11.5
TOTAL	$179,717,000	$162,640,000	100.0%	100.0%	+10.5%

Based on trend of Single Units and Multi Units sales provided by 1958, 1963, 1967, 1972, and 1977 Censuses of Retail Trade Reports. Projections to 1978 and 1979 sales by SUPERMARKET BUSINESS.

GROCERY STORE SALES BY DEPARTMENT—1979 vs. 1959

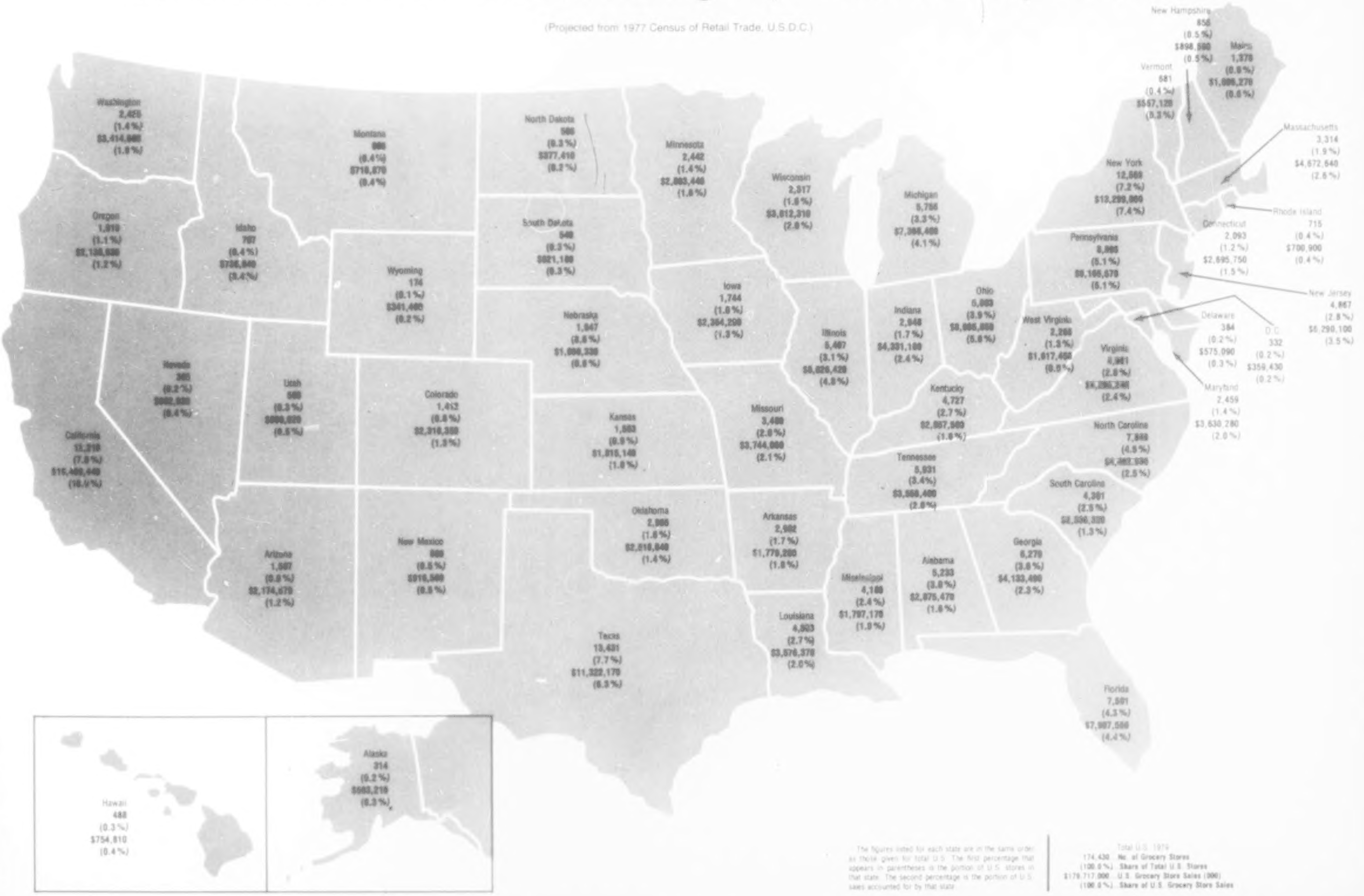
Department	1979 Grocery Store Sales (000)	1979 % of Total Store	1979 % of Market	1959 Grocery Store Sales (000)	1959 % of Total Store	1959 % of Market
Perishables						
Baked Goods	$ 10,873,760	6.05%	58%	$ 3,498,310	7.52%	52%
Dairy Section	13,583,850	7.56	48	4,084,160	8.78	32
Frozen Foods	8,400,110	4.67	72	1,904,110	4.09	79
Fresh Meat, Fish, Poultry	40,289,200	22.42	65	11,471,040	24.65	57
Produce	18,842,290	10.48	74	4,832,000	10.38	63
Total Perishables	**$ 91,989,210**	**51.18%**	**63%**	**$25,789,620**	**55.42%**	**52%**
Dry Groceries						
Baking Needs	$ 52,440	.03%	89%	$ 38,790	.08%	87%
Beverages, Alcoholic	9,132,770	5.08	35	2,360,150	5.07	22
Beverages, Prepared	6,537,840	3.64	77	1,749,450	3.76	67
Beverages, Soft Drinks	4,395,260	2.45	58	548,450	1.18	26
Candy & Chewing Gum	1,895,550	1.05	30	528,770	1.14	22
Canned Foods[1]	10,234,310	5.69	83	3,701,990	7.96	78
Cereals, Flour, Macaroni	4,588,100	2.55	87	1,381,970	2.97	82
Condiments, Dressings, Spreads	2,948,770	1.64	76	893,130	1.92	70
Desserts	249,960	.14	89	112,170	.24	85
Dried Foods	2,080,290	1.16	66	587,570	1.26	52
Fats & Shortening	1,230,300	.69	77	730,850	1.57	65
Jams, Jellies, Preserves	640,300	.36	86	211,010	.45	85
Sweeteners, Flavors	1,708,690	.95	79	644,550	1.38	74
All Other Foods	633,210	.35	71	275,780	.59	53
Total Dry Groceries	**$ 46,327,790**	**25.78%**	**59%**	**$13,764,830**	**29.57%**	**46%**
Total Foods	**$138,317,000**	**76.96%**	**62%**	**$39,554,250**	**84.99%**	**50%**
Grocery Products						
Household supplies	$ 12,525,760	6.97%	82%	$ 2,406,510	5.17%	72%
Pet Foods	2,886,810	1.61	92	368,650	.79	73
Tobacco Products	6,121,070	3.40	41	1,858,570	4.00	30
All Other Grocery Products	1,222,160	.68	76	[2]	[2]	[2]
Total Foods & Groceries	**$ 22,755,800**	**89.62%**	**65%**	**$44,187,980**	**94.95%**	**49%**
General Merchandise/ HBA						
Health & Beauty Aids (Non-Rx)	$ 6,774,560	3.77%	39%	$ 1,077,610	2.32%	22%
Greeting Cards	79,540	.04	4	10,200	.02	3
Household Glassware	106,360	.06	15 }	294,560	.63	nd
Housewares, Other	2,125,240	1.18	nd }			
Magazines & Newspapers	783,920	.44	15	65,870	.14	3
Phonograph Records	143,680	.08	10	55,740	.12	12
Toys	136,070	.08	3	23,370	.05	1
Other General Merchandise	8,494,830	4.73	nd	824,670	1.77	nd
Total General Merchadise	**$ 18,644,200**	**10.38%**	**nd**	**$ 6,985,750**	**5.05%**	**nd**
GRAND TOTAL	$179,717,000	100.00%	nd	$46,540,000	100.00%	nd

[1] Excludes infant formulas.

[2] Included in *"all other non-foods"* in 1959 study.

SUPERMARKET BUSINESS Marketing Map of U.S. Grocery Stores-1979

(Projected from 1977 Census of Retail Trade, U.S.D.C.)


Washington
2,425
(1.4%)
$3,414,660
(1.9%)
Oregon
1,919
(1.1%)
$2,138,630
(1.2%)
California
13,210
(7.6%)
$15,460,440
(8.6%)
Idaho
707
(0.4%)
$736,840
(0.4%)
Nevada
365
(0.2%)
$682,930
(0.4%)
Montana
[illegible]
(0.4%)
$718,870
(0.4%)
Wyoming
174
(0.1%)
$341,460
(0.2%)
Utah
569
(0.3%)
$899,020
(0.5%)
Arizona
1,587
(0.9%)
$2,174,670
(1.2%)
Colorado
1,412
(0.8%)
$2,316,350
(1.3%)
New Mexico
889
(0.5%)
$916,560
(0.5%)
North Dakota
566
(0.3%)
$377,410
(0.2%)
South Dakota
540
(0.3%)
$521,100
(0.3%)
Nebraska
1,047
(0.6%)
$1,090,330
(0.6%)
Kansas
1,583
(0.9%)
$1,815,140
(1.0%)
Oklahoma
2,866
(1.6%)
$2,516,840
(1.4%)
Texas
13,431
(7.7%)
$11,322,170
(6.3%)
Minnesota
2,442
(1.4%)
$2,883,440
(1.6%)
Iowa
1,744
(1.0%)
$2,364,290
(1.3%)
Missouri
3,480
(2.0%)
$3,744,060
(2.1%)
Arkansas
2,982
(1.7%)
$1,779,280
(1.0%)
Louisiana
4,803
(2.7%)
$3,576,370
(2.0%)
Wisconsin
2,317
(1.3%)
$3,612,310
(2.0%)
Illinois
5,467
(3.1%)
$8,626,420
(4.8%)
Michigan
5,756
(3.3%)
$7,366,400
(4.1%)
Indiana
2,948
(1.7%)
$4,331,100
(2.4%)
Ohio
6,803
(3.9%)
$9,996,800
(5.6%)
Kentucky
4,727
(2.7%)
$2,887,500
(1.6%)
Tennessee
5,931
(3.4%)
$3,568,400
(2.0%)
Mississippi
4,180
(2.4%)
$1,797,170
(1.0%)
Alabama
5,233
(3.0%)
$2,875,470
(1.6%)
Georgia
6,279
(3.6%)
$4,133,490
(2.3%)
Florida
7,501
(4.3%)
$7,987,580
(4.4%)
South Carolina
4,381
(2.5%)
$2,336,320
(1.3%)
North Carolina
7,869
(4.5%)
$4,482,930
(2.5%)
Virginia
4,881
(2.8%)
$4,290,240
(2.4%)
West Virginia
2,288
(1.3%)
$1,617,450
(0.9%)
Pennsylvania
8,896
(5.1%)
$9,166,670
(5.1%)
New York
12,569
(7.2%)
$13,299,960
(7.4%)
Vermont
681
(0.4%)
$557,120
(0.3%)
New Hampshire
856
(0.5%)
$898,560
(0.5%)
Maine
1,378
(0.8%)
$1,086,270
(0.6%)
Massachusetts
3,314
(1.9%)
$4,672,640
(2.6%)
Rhode Island
715
(0.4%)
$700,900
(0.4%)
Connecticut
2,093
(1.2%)
$2,695,750
(1.5%)
New Jersey
4,867
(2.8%)
$6,290,100
(3.5%)
Delaware
384
(0.2%)
$575,090
(0.3%)
D.C.
332
(0.2%)
$359,430
(0.2%)
Maryland
2,459
(1.4%)
$3,630,280
(2.0%)
Hawaii
488
(0.3%)
$754,810
(0.4%)
Alaska
314
(0.2%)
$563,210
(0.3%)

The figures listed for each state are in the same order as those given for total U.S. The first percentage that appears in parentheses is the portion of U.S. stores in that state. The second percentage is the portion of U.S. sales accounted for by that state.

Total U.S. 1979

174,430	No. of Grocery Stores
(100.0%)	Share of Total U.S. Stores
$179,717,000	U.S. Grocery Store Sales (000)
(100.0%)	Share of U.S. Grocery Store Sales

Summary of 1979 sales of food store products

(add 000 to all dollar figures)	1979					1978					percentage change in dollars				Grocery Tonnage
											From '78 to '79		From '77 to '78		
PRODUCTS	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Food Sales	% of Total Store	% Gro.[2] to Total	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Food Sales	% of Total Store	% Gro.[2] to Total	Total[1]	Gro.[2]	Total[1]	Gro.[2]	1979 vs. 1978
PERISHABLES	**$145,624,060**	**$91,989,210**	**66.50**	**51.18**	**63**	**$131,746,580**	**$ 82,791,180**	**65.67**	**50.90**	**63**	**10.5**	**11.1**	**10.1**	**11.9**	....
Baked Goods	18,651,040	10,873,760	7.86	6.05	**58**	17,012,330	9,846,570	7.81	6.05	**58**	9.6	10.4	9.1	9.9	- 0.3
Dairy Section	28,068,310	13,583,850	9.82	7.56	**48**	25,833,000	12,158,730	9.64	7.48	**47**	8.6	11.7	4.4	6.2	+ 0.1
Frozen Foods	11,597,850	8,400,110	6.07	4.67	**72**	10,683,820	7,782,250	6.17	4.78	**73**	8.6	7.9	6.4	6.9	+ 0.4
Fresh & Cured Meat, Fish & Poultry	61,773,820	40,289,200	29.13	22.42	**65**	54,278,950	35,422,270	28.10	21.78	**65**	13.8	13.7	15.7	16.7	- 1.0
Produce	25,533,040	18,842,290	13.62	10.48	**74**	23,938,480	17,581,360	13.95	10.81	**73**	6.7	7.2	7.2	10.2	- 0.4
DRY GROCERIES	**$ 78,919,040**	**$ 46,327,790**	**33.50**	**25.78**	**59**	**$ 73,816,250**	**$ 43,274,660**	**34.33**	**26.61**	**59**	**6.9**	**7.1**	**5.9**	**5.8**	....
Baking Needs	58,760	52,440	.04	.03	**89**	56,980	50,470	.04	.03	**89**	3.1	3.9	4.5	4.8	- 1.7
Beverages, Alcoholic	26,119,580	9,132,770	6.60	5.08	**35**	24,086,940	8,249,540	6.54	5.07	**34**	8.4	10.7	7.2	8.5	+ 2.8
Beverages, Prepared	8,500,780	6,537,840	4.73	3.64	**77**	8,609,890	6,639,780	5.27	4.08	**77**	- 1.3	- 1.5	- 3.4	- 2.1	+ 3.7
Beverages, Soft Drinks	7,558,350	4,395,260	3.18	2.45	**58**	7,016,390	4,062,530	3.22	2.50	**58**	7.7	8.2	6.4	6.9	- 0.6
Candy & Chewing Gum	6,349,430	1,895,550	1.37	1.05	**30**	5,959,790	1,743,250	1.38	1.07	**29**	6.5	8.7	9.3	9.8	- 0.5
Canned Foods	12,299,380	10,234,310	7.40	5.69	**83**	11,370,220	9,468,900	7.51	5.82	**83**	8.2	8.1	6.3	6.3	+ 0.6
Cereals, Flour, Macaroni	5,272,440	4,586,100	3.32	2.55	**87**	4,826,290	4,232,970	3.36	2.60	**88**	9.4	8.4	8.9	8.3	0.0
Condiments Dressings, Spreads, Relishes	3,904,900	2,948,770	2.13	1.64	**76**	3,617,340	2,733,990	2.17	1.68	**76**	7.9	7.9	7.2	6.9	- 1.1
Desserts	280,610	249,960	.18	.14	**89**	260,400	232,400	.19	.14	**89**	7.8	7.6	3.1	3.0	- 0.3
Dried Foods	3,174,600	2,080,290	1.51	1.16	**66**	2,942,560	1,905,160	1.51	1.17	**65**	7.9	9.2	6.4	6.7	+ 0.5
Fats & Shortening	1,588,160	1,230,300	.89	.69	**77**	1,502,270	1,158,510	.92	.72	**77**	5.7	6.2	4.8	5.7	- 1.7
Jams, Jellies, Preserves	747,340	640,300	.46	.36	**86**	693,890	593,420	.47	.37	**86**	7.7	7.9	5.8	5.8	0.0
Sweeteners, Flavors	2,169,860	1,708,690	1.23	.95	**79**	2,079,610	1,637,610	1.30	1.01	**79**	4.3	4.3	8.2	8.3	- 0.8
All Other Dry Groceries	1,289,050	918,450	.67	.51	**71**	1,159,220	824,700	.65	.51	**71**	11.2	11.4	14.6	15.1	....
Duplication (subtract)	-394,200	-285,240	-.21	-.16	—	-359,540	-258,570	-.20	-.16	—	—	—	—	—	....
Total Foods	**$224,543,100**	**$138,317,000**	**100.00**	**76.96**	**62**	**$205,562,830**	**$126,065,840**	**100.00**	**77.51**	**61**	**9.2**	**9.7**	**8.6**	**9.7**	**- 1.0**
	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Non-food Sales	% of Total Store	% Gro.[2] to Total	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Non-food Sales	% of Total Store	% Gro.[2] to Total					
OTHER GROCERIES	**$ 34,852,780**	**$ 22,755,800**	**54.96**	**12.66**	**65**	**$ 31,731,670**	**$ 20,441,040**	**55.89**	**12.57**	**64**	**9.8**	**11.3**	**8.0**	**9.8**	....
Household Supplies	15,260,260	12,525,760	30.25	6.97	**82**	13,556,960	11,111,220	30.38	6.83	**82**	12.6	12.7	10.7	11.0	+ 4.6
Pet Foods	3,152,620	2,886,810	6.97	1.61	**92**	2,815,080	2,606,840	7.13	1.60	**93**	12.0	10.7	8.6	7.9	+ 3.1
Tobacco Products	14,825,650	6,121,070	14.79	3.40	**41**	14,005,390	5,702,810	15.59	3.51	**41**	5.9	7.3	4.9	7.6	+ 1.2
All Other Groceries n.e.c.	1,614,250	1,222,160	2.95	.68	**76**	1,354,240	1,020,170	2.79	.63	**75**	19.2	19.8	15.0	14.4	....
Total Foods & Grocery Products	**$259,395,880**	**$161,072,800**	....	**89.62**	**62**	**$237,294,500**	**$146,506,880**	....	**90.08**	**62**	**9.3**	**9.9**	**8.5**	**9.7**	....
GENERAL MERCHANDISE	**nd**	**$ 18,644,200**	**45.04**	**10.38**	**nd**	**nd**	**$ 16,133,120**	**44.11**	**9.92**	**nd**	—	**15.6**	—	**10.3**	....
Health & Beauty Aids (Non-Rx)	17,553,380	6,774,560	16.36	3.77	**39**	16,624,600	5,929,120	16.21	3.65	**37**	9.5	14.3	7.2	10.2	+ 6.3
Prescriptions	11,381,350	887,000	2.14	.49	**8**	10,346,680	800,680	2.19	.49	**8**	10.0	10.8	7.9	9.7	+ 2.8
Flashlights & Batteries	958,030	307,940	.74	.17	**32**	859,950	254,470	.70	.16	**30**	11.4	21.0	8.4	11.4	+10.0
Greeting Cards	2,138,170	79,540	.19	.04	**4**	1,985,530	72,910	.20	.04	**4**	7.7	9.1	6.6	15.4	+ 3.4
Hosiery	3,360,910	494,670	1.20	.28	**15**	3,075,560	448,620	1.23	.27	**15**	9.3	10.3	7.2	9.3	+ 6.2
Household Glassware	724,860	106,360	.26	.06	**15**	622,390	95,750	.26	.06	**15**	16.4	11.1	7.6	8.2	+ 2.6
Housewares, Other	nd	2,125,240	5.13	1.18	**nd**	nd	1,865,880	5.10	1.15	**nd**	—	13.9	—	12.6	+ 5.2
Magazines & Newspapers	5,127,010	783,920	1.89	.44	**15**	4,614,590	696,200	1.90	.43	**15**	11.1	12.6	9.2	11.1	+ 3.7
Motor Oil and Additives	986,320	185,820	.45	.10	**19**	878,230	121,140	.33	.08	**14**	12.3	53.4	12.3	18.1	+41.3
Pet Accessories	1,389,100	438,870	1.06	.24	**32**	1,233,150	378,850	1.04	.23	**31**	12.6	15.8	8.8	12.4	+ 7.5
Phonograph Records	1,479,710	143,680	.35	.08	**10**	1,345,160	129,210	.35	.08	**10**	10.0	11.2	5.2	8.7	+ 3.0
Photo Products	4,011,810	487,810	1.18	.27	**12**	3,883,020	421,340	1.16	.26	**11**	3.3	15.8	7.8	14.8	+10.9
Stationery/Writing Implem	1,033,600	160,210	.38	.10	**16**	947,840	142,230	.39	.09	**15**	9.0	12.6	4.5	5.0	+ 6.2
Toys	5,442,800	136,070	.33	.08	**3**	4,970,070	116,300	.32	.07	**2**	9.5	17.0	8.8	12.7	+10.7
Other General Merchandise	nd	5,532,510	13.38	3.08	**nd**	nd	4,660,420	12.73	2.86	**nd**	—	18.7	—	9.1	....
Total Excluding HBA & RX	**nd**	**$ 10,982,640**	**26.54**	**6.12**	**nd**	**nd**	**$ 9,403,320**	**25.71**	**5.78**	**nd**	—	**16.8**	—	**10.5**	....
Total Non-foods	**nd**	**$ 41,400,000**	**100.00**	**23.04**	**nd**	**nd**	**$ 36,574,160**	**100.00**	**22.49**	**nd**	—	**13.2**	—	**10.0**	....
GRAND TOTAL	**nd**	**$179,717,000**	....	**100.00**	**nd**	**nd**	**$162,640,000**	....	**100.00**	**nd**	—	**10.5**	—	**9.8**	....

# How to use these product tables

(add 000 to all dollar figures)	1979					1978					percentage change in dollars				Grocery Tonnage
	1	2	3	4	5						6	7			8
											From '78 to '79		From '77 to '78		
PRODUCTS	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Food Sales	% of Total Store	% Gro.[2] to Total	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Food Sales	% of Total Store	% Gro.[2] to Total	Total[1]	Gro.[2]	Total[1]	Gro.[2]	1979 vs 1978
PERISHABLES	**$145,624,060**	**$ 91,989,210**	**66.50**	**51.18**	**63**	**$131,746,580**	**$ 82,791,180**	**65.67**	**50.90**	**63**	**10.5**	**11.1**	**10.1**	**11.9**	....
Baked Goods	18,651,040	10,873,760	7.86	6.05	**58**	17,012,330	9,846,570	7.81	6.05	**58**	9.6	10.4	9.1	9.9	- 0.3
Dairy Section	28,068,310	13,583,850	9.82	7.56	**48**	25,833,000	12,158,730	9.64	7.48	**47**	8.6	11.7	4.4	6.2	+ 0.1
Frozen Foods	11,597,850	8,400,110	6.07	4.67	**72**	10,683,820	7,782,250	6.17	4.78	**73**	8.6	7.9	6.4	6.9	+ 0.4
Fresh & Cured Meat, Fish, & Poultry	61,773,820	40,289,200	29.13	22.42	**65**	54,278,950	35,422,270	28.10	21.78	**65**	13.8	13.7	15.7	16.7	- 1.0
Produce	25,533,040	18,842,290	13.62	10.48	**74**	23,938,480	17,581,360	13.95	10.81	**73**	6.7	7.2	7.2	10.2	- 0.4

1 This column shows consumption of the product line or category through all outlets and includes farm consumption of farm foods. Note that value of a product is computed as if the product were sold at grocery store prices

2 This column shows the amount actually spent in grocery stores for each product line or category. Grocery stores are defined as retail outlets doing a major portion of their business in dry groceries.

3 This column shows what portion of the total food (or non-food) sales the item accounts for.

4 This column shows the percentage of total store volume contributed by each product line or category.

5 This column shows the share of total market accounted for by each product line or category.

6 This column shows the year-to-year increase or drop in total consumption through all types of outlets (see 1) of each product line or category.

7 This column shows the year-to-year increase or drop in grocery-store sales of each product line or category. Columns 6 and 7 will be helpful in determining whether grocery-store sales of a given item are advancing or declining at a faster or slower rate than the general trend.

8 This column shows the change in grocery store sales when dollar sales change is deflated by retail price change. Note that decreases in tonnage is often influenced by qualitative changes within a category.

What consumers spend for perishable products

(add 000 to all dollar figures)	1979					1978					percentage change			
PRODUCTS	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Food Sales	% of Total Store	% Gro.[2] to Total	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Food Sales	% of Total Store	% Gro.[2] to Total	From '78 to '79 Total[1]	From '78 to '79 Gro.[2]	From '77 to '78 Total[1]	From '77 to '78 Gro.[2]
PERISHABLES														
Baked Goods[3A]	**$18,651,040**	**$10,873,760**	**7.86**	**6.05**	**58**	**$17,012,330**	**$ 9,846,570**	**7.81**	**6.05**	**58**	**9.6**	**10.4**	**9.1**	**9.9**
Bread & Rolls[3A]	$ 9,373,680	$ 5,690,810	4.11	3.17	61	$ 8,477,750	$ 5,095,000	4.04	3.13	60	10.6	11.7	11.6	12.2
White Bread	8,294,420	4,568,860	3.30	2.54	73	5,717,000	4,108,690	3.26	2.53	72	10.1	11.2	12.8	12.8
Other Bread	1,884,980	802,320	.58	.45	43	1,674,050	701,940	9.56	.43	43	12.6	14.3	9.5	10.0
Rolls, Bread Type[3B]	1,194,280	319,630	.23	.18	27	1,086,700	284,370	.22	.17	26	9.9	12.4	8.5	8.5
Crackers, Cookies, Other Tidbits	$ 5,710,630	$ 4,269,180	3.09	2.37	75	$ 5,243,410	$ 3,923,560	3.11	2.41	75	8.9	8.8	7.1	8.0
Crackers, Biscuits, Cookies	3,227,700	2,888,120	2.09	1.61	89	3,008,110	2,691,630	2.14	1.65	89	7.3	7.3	9.3	9.0
Packaged Unpopped Popcorn[3C]	71,580	62,410	.05	.03	87	63,740	55,620	.04	.03	87	12.3	12.2	12.5	12.5
Potato Chips	2,151,110	1,097,050	.79	.61	51	1,929,250	969,980	.77	.60	50	11.5	13.1	3.7	5.1
Pretzels	260,240	221,600	.16	.12	85	242,310	206,330	.16	.13	85	7.4	7.4	7.2	7.4
Sweet Goods	$ 3,566,730	$ 913,770	.66	.51	26	$ 3,291,170	$ 828,010	.66	.51	25	8.4	10.4	6.0	5.9
Cakes & Other Pastry	2,173,960	515,320	.37	.29	24	2,020,180	477,230	.38	.29	24	7.6	8.0	7.6	7.6
"Toaster" Pastries	71,840	66,620	.05	.04	93	70,160	65,960	.05	.04	94	2.4	1.0	4.4	4.0
Other Cakes & Pastry	2,102,120	448,700	32	.25	21	1,950,020	411,270	.33	.25	21	7.8	9.1	7.7	8.2
Doughnuts	886,100	293,190	.21	.16	33	807,010	258,770	.21	.16	32	9.8	13.3	2.5	2.5
Pies	506,670	105,260	.08	.06	21	463,980	92,010	.07	.06	20	9.2	14.4	5.8	6.7
Dairy Section	**$28,068,310**	**$13,583,850**	**9.82**	**7.56**	**48**	**$25,833,080**	**$12,158,730**	**9.64**	**7.48**	**47**	**8.6**	**11.7**	**4.4**	**6.2**
Cheese	$ 4,770,220	$ 3,812,240	2.76	2.12	80	$ 4,341,180	$ 3,363,380	2.67	2.07	77	9.9	13.3	8.4	9.0
Cottage & Pot Cheese	637,720	448,480	.32	.25	70	597,680	420,320	.33	.26	70	6.7	6.7	4.8	5.2
Natural Cheese[4]	2,097,030	1,489,160	1.08	.83	71	1,864,030	1,253,620	1.00	.77	67	12.5	18.8	11.8	14.9
Processed Cheese[5]	2,035,470	1,874,600	1.36	1.04	92	1,879,470	1,689,440	1.34	1.04	90	8.3	11.0	6.3	6.0
Eggs (Shell)	$ 3,512,140	$ 1,101,840	.80	.61	31	$ 3,219,190	$ 998,040	.79	.61	31	9.1	10.4	-4.7	-4.2
Milk, Butter, Cream	$16,572,540	$ 5,994,830	4.33	3.34	36	$15,346,960	$ 5,362,990	4.25	3.30	35	8.0	11.8	4.4	4.9
Butter	1,545,320	760,830	.55	.42	49	1,419,030	694,190	.55	.43	49	8.9	9.6	10.3	9.1
Fresh Cream	391,910	218,010	.16	.12	56	386,500	210,230	.17	.13	54	1.4	3.7	2.1	2.1
Fresh Milk	14,586,940	4,972,790	3.59	2.77	34	13,491,870	4,413,760	3.50	2.71	33	8.1	12.7	3.9	4.5
For Home Consumption	8,762,240	4,972,790	3.59	2.77	34	8,002,050	4,413,760	3.50	2.71	33	9.5	12.7	3.7	4.5
Other	5,824,700					5,489,820					6.1		4.1	
Ready Whipped Cream[6]	48,370	43,200	03	.03	89	49,560	44,810	.03	.03	90	-2.4	-3.6	0.8	0.8
Margarine	$ 1,689,250	$ 1,379,740	1.00	.77	82	$ 1,592,130	$ 1,300,410	1.03	.80	82	6.1	6.1	7.3	7.0
Fruit Juices, Drinks[6A]	$ 558,770	$ 517,500	.37	.29	93	$ 480,720	$ 450,520	.36	.28	94	16.2	14.9	10.1	10.0
Orange Juice	463,740	429,520	.31	.24	93	392,000	368,370	.29	.23	94	18.3	16.6	10.7	10.5
Orange Flavored Drinks	67,490	62,760	.04	.04	93	62,260	57,900	.05	.04	93	8.4	8.4	9.6	9.6
Other Fruit Drinks, Juices	27,540	25,220	.02	.01	92	26,460	24,250	.02	.01	92	4.1	4.0	3.3	3.1
Yogurt	$ 965,390	$ 777,700	.56	.43	81	$ 852,820	$ 683,390	.54	.42	80	13.2	13.8	17.7	17.4
Frozen Foods,[6B]	**$11,597,850**	**$ 8,400,110**	**6.07**	**4.67**	**72**	**$10,683,820**	**$ 7,782,250**	**6.17**	**4.78**	**73**	**8.6**	**7.9**	**6.4**	**6.9**
Frozen Baked Goods[6B]	$ 674,270	$ 604,280	.44	.34	90	$ 594,990	$ 551,230	.44	.34	93	13.3	9.6	9.1	8.3
Cakes, Pastries	410,160	374,180	.27	.21	91	357,910	339,550	.27	.21	95	14.6	10.2	9.5	8.5
Pies	264,110	230,100	.17	.13	87	237,080	211,680	.17	.13	89	11.4	8.7	8.4	8.0
Ice Cream[7]	$ 2,896,700	$ 961,960	.69	.53	33	$ 2,666,990	$ 881,720	.70	.54	33	8.6	9.1	5.4	6.7
Bulk	450,790	—	—	—	—	422,880	—	—	—	—	6.6	—	5.8	—
Packaged	1,687,880	961,960	.69	.53	39	1,549,940	881,720	.70	.54	39	8.9	9.1	4.4	6.7
Specialties	758,030					694,170					9.2		7.3	
Frozen Toppings[7A]	$ 135,210	$ 120,850	09	.06	89	$ 131,400	$ 117,560	.09	.07	89	2.9	2.8	6.3	6.1
Frozen Meat, Fish, Poultry	$ 2,361,040	$ 1,896,300	1.37	1.06	80	$ 2,159,790	$ 1,746,970	1.39	1.07	81	9.3	8.5	5.9	6.3
Fish & Other Seafood	641,710	464,600	.34	.26	72	574,400	414,630	.33	.25	72	11.7	12.1	7.8	8.0
Fish Sticks	91,230	69,110	.05	.04	76	85,020	64,410	.06	.04	76	7.3	7.3	5.5	5.7
Frozen Shrimp	132,670	101,490	.08	.06	76	119,310	91,190	.06	.05	76	11.2	11.3	6.6	6.6
Other Frozen Fish & Seafood	417,810	294,000	.21	.16	70	370,070	259,030	.21	.16	70	12.9	13.5	8.3	9.1
Meat	415,980	197,060	.14	.11	47	383,040	180,620	.14	.11	47	8.6	9.1	2.6	2.9
Poultry	1,303,350	1,234,640	.89	.69	95	1,202,350	1,151,720	.92	.71	96	8.4	7.2	6.3	6.3
Frozen Prepared Foods (Precooked)[8]	$ 2,751,300	$ 2,575,440	1.86	1.43	94	$ 2,528,490	$ 2,385,960	1.89	1.47	94	8.8	7.9	8.9	8.8
Dinners	859,720	812,890	.59	.45	95	809,530	766,880	.61	.47	95	6.2	6.0	7.2	7.0
Meat Pies	180,030	163,230	.12	.09	91	167,780	155,310	.12	.09	93	7.3	5.1	4.8	4.7
Poultry Pies	164,590	147,330	.11	.08	90	153,250	140,450	.11	.09	92	7.4	4.9	8.7	8.5
Pizza	818,980	768,370	.55	.43	94	737,160	696,620	.55	.43	95	11.1	10.3	14.2	14.2
Nationality Foods	244,380	228,100	.16	.13	93	215,880	205,310	.16	.13	95	13.2	11.1	7.3	7.1
All Other[8]	483,600	455,520	.33	.25	94	444,890	421,390	.34	.26	95	8.7	8.1	6.2	6.0

[1] All consumption—whether at farm level or by institutions, restaurants, government—is given here in terms of retail store valuation (except as otherwise noted). Excluded are those portions of a commodity which are used commercially in making some other products. Examples: That portion of the flour output which is used in all forms of baked goods. That portion of the mustard output which is used in seasoning canned goods.

[2] Refers to grocery stores and includes supermarkets. Excluded from this column (but included in the first column) are sales by such specialty food stores as delicatessens, dairy stores, bakeries, meat markets, fish markets, confectionery stores, fruit and vegetable markets, egg dealers.

[3] Decreases are shown by minus signs. Other figures represent increases.

[3A] Includes frozen bread and rolls, but excludes frozen cakes, pastries, pies.

[3B] Includes bagels, onion rolls, etc.

[3C] Excludes "ready to eat" popcorn.

[4] Includes cheddar, colby, brick, cream, foreign types.

[5] Includes cheese food and cheese spreads.

[6] Aerosol packed consumer sizes. Butterfat and non-butterfat bases. Excludes powders.

[6A] In carton or bottle.

[6B] Excludes frozen bread and rolls.

[7] Grocery store sales are mainly packaged ice cream and specialties and a negligible amount of bulk ice cream.

[7A] Includes "chilled" products.

[8] Includes frozen soups.

Spending for perishables, *cont.*

(add 000 to all dollar figures)

PRODUCTS	1979					1978					percentage change			
	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Non-food Sales	% of Total Store	% Gro. to Total	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Food Sales	% of Total Store	% Gro. to Total	From '78 to '79		From '77 to '78	
											Total	Gro.	Total	Gro.
Frozen Vegetables, Fruits, Juices, Drinks[8A]	$ 2,779,330	$ 2,241,280	1.62	1.25	**81**	$ 2,602,160	$ 2,098,810	1.65	1.29	**81**	6.8	6.8	5.0	4.9
Fruits	117,190	107,710	.08	.06	**92**	110,070	101,680	.08	.06	**92**	6.5	5.9	8.0	7.9
Strawberries	43,620	40,580	.03	.02	**93**	40,240	37,820	.03	.02	**94**	8.4	7.3	10.1	9.7
Cherries	14,910	13,420	.01	.01	**90**	14,040	12,640	.01	.01	**90**	6.2	6.2	7.7	7.7
Apples & Applesauce	12,370	11,370	.01	.01	**92**	12,200	11,280	.01	.01	**92**	1.4	0.8	4.8	4.5
All Other	46,290	42,340	.03	.02	**91**	43,590	39,940	.03	.02	**92**	6.2	6.0	7.2	7.3
Fruit Juices	1,135,560	1,018,020	.74	.57	**90**	1,064,230	954,270	.76	.59	**90**	6.7	6.7	3.1	3.1
Orange Juice Concentrates	1,042,560	932,640	.68	.52	**89**	976,180	873,260	.70	.54	**89**	6.8	6.8	2.8	2.8
Grapefruit Juice	18,750	16,440	.01	.01	**88**	17,470	15,350	.01	.01	**88**	7.3	7.1	8.5	8.7
Other Fruit Concentrates	74,250	68,940	.05	.04	**93**	70,580	65,660	.05	.04	**93**	5.2	5.0	5.8	5.4
Fruit Drinks	139,200	126,560	.09	.07	**91**	132,290	120,470	.09	.07	**91**	5.2	5.1	8.5	8.2
Synthetic Orange[9]	44,960	41,120	.03	.02	**91**	43,820	40,270	.03	.02	**92**	2.6	2.1	6.7	6.4
Regular Orange	14,830	13,310	.01	.01	**90**	14,820	13,300	.01	.01	**90**	0.1	0.1	0.8	0.5
Lemonade Bases	42,620	38,270	.03	.02	**90**	39,140	35,140	.03	.02	**88**	8.9	8.9	17.9	17.7
Other Fruit Drinks	36,790	33,860	.02	.02	**92**	34,510	31,760	.02	.02	**92**	6.6	6.6	4.6	4.4
Vegetables	1,387,380	988,990	.71	.55	**71**	1,295,570	922,390	.73	.57	**71**	7.1	7.2	5.9	6.2
Asparagus	56,570	38,790	.03	.02	**69**	50,920	34,570	.03	.02	**68**	11.1	12.2	12.7	15.4
Green Beans	70,300	47,930	.03	.03	**68**	65,150	44,340	.03	.03	**68**	7.9	8.1	6.2	6.2
Lima Beans	38,750	24,780	.02	.01	**64**	36,490	23,200	.02	.01	**64**	6.2	6.8	5.3	5.3
Broccoli	83,580	57,920	.04	.03	**69**	77,600	53,680	.04	.03	**69**	7.7	7.9	8.3	8.3
Cauliflower	32,930	22,590	.02	.01	**69**	30,660	20,900	.02	.01	**68**	7.4	8.1	6.6	6.6
Green Peas	87,090	59,940	.04	.03	**69**	82,390	56,490	.04	.04	**69**	5.7	6.1	5.8	6.6
Spinach	41,660	29,050	.02	.02	**70**	38,860	27,100	.02	.02	**70**	7.2	7.2	6.7	6.7
French Fried Potatoes	493,510	388,150	.28	.22	**79**	464,260	364,800	.29	.22	**79**	6.3	6.4	5.1	5.5
Other Potato Products	75,310	53,660	.04	.03	**71**	71,660	51,060	.04	.03	**71**	5.1	5.1	4.7	4.7
Corn	89,650	60,360	.04	.03	**67**	85,540	57,600	.05	.04	**67**	4.8	4.8	8.2	8.6
All Other	318,030	205,820	.15	.12	**65**	292,040	188,650	.15	.12	**65**	8.9	9.1	5.1	5.1
Fresh & Cured Meat, Fish, Poultry	**$ 61,773,820**	**$ 40,289,200**	**29.13**	**22.42**	**65**	**$ 54,278,950**	**$ 35,422,270**	**28.10**	**21.78**	**65**	**13.8**	**13.7**	**15.7**	**16.7**
Fresh Fish & Other Fresh Seafood	$ 1,694,340	$ 1,524,460	1.10	.85	**90**	$ 1,458,120	$ 1,325,620	1.05	.82	**91**	16.2	15.0	17.2	17.7
Fresh Meat	$ 36,906,180	$ 21,335,870	15.43	11.87	**58**	$ 31,881,620	$ 18,366,720	14.57	11.29	**58**	15.8	16.2	17.2	18.2
Beef	29,362,970	16,228,300	11.74	9.03	**55**	25,118,020	13,823,080	10.97	8.50	**55**	16.9	17.4	18.5	20.1
Lamb	852,070	777,370	.56	.43	**91**	733,910	670,150	.53	.41	**91**	16.1	16.0	7.0	7.0
Pork	5,618,390	3,692,980	2.67	2.06	**66**	4,856,000	3,180,860	2.52	1.95	**66**	15.7	16.1	18.8	18.9
Veal	1,072,750	637,220	.46	.35	**59**	1,173,690	692,630	.55	.43	**59**	-8.6	-8.0	-5.6	-5.3
Poultry	$ 7,219,510	$ 4,489,790	3.25	2.50	**62**	$ 6,372,030	$ 3,921,210	3.11	2.41	**60**	13.3	14.5	14.2	17.1
Provisions	$ 15,953,790	$ 12,939,080	9.35	7.20	**81**	$ 14,567,180	$ 11,808,720	9.37	7.26	**81**	9.5	9.6	13.2	14.2
Packaged Bacon	2,268,780	1,916,240	1.38	1.07	**84**	2,434,310	2,056,050	1.63	1.26	**84**	-6.8	-6.8	10.4	13.6
Cured Ham & Picnics	2,766,300	2,237,740	1.62	1.24	**81**	2,512,530	2,028,780	1.61	1.25	**81**	10.1	10.3	11.1	12.5
Frankfurters	1,753,370	1,424,280	1.03	.79	**81**	1,520,700	1,234,210	.98	.76	**81**	15.3	15.4	13.7	13.7
Sausages	1,205,630	972,020	.70	.54	**81**	1,038,440	837,950	.67	.51	**81**	16.1	16.0	15.2	15.2
Other Sausage Products	2,989,900	2,436,910	1.76	1.36	**82**	2,643,590	2,145,170	1.70	1.32	**81**	13.1	13.6	16.7	16.7
Cold Cuts & Other Provisions	4,969,810	3,951,890	2.86	2.20	**80**	4,417,610	3,506,560	2.78	2.16	**79**	12.5	12.7	13.2	14.0
Produce	**$ 25,533,040**	**$ 18,842,290**	**13.62**	**10.48**	**74**	**$ 23,938,480**	**$ 17,581,360**	**13.95**	**10.81**	**73**	**6.7**	**7.2**	**7.2**	**10.2**
Potatoes	2,206,950	1,462,590	1.06	.81	**66**	2,272,860	1,500,090	1.19	.92	**66**	-2.9	-2.5	4.7	
Lettuce	1,931,530	1,357,300	.98	.75	**70**	1,866,210	1,306,350	1.03	.80	**70**	3.5	3.9	4.4	
Tomatoes	1,835,320	1,178,930	.85	.66	**64**	1,688,430	1,080,600	.86	.67	**64**	8.7	9.1	7.3	
Onions	716,130	447,750	.32	.25	**63**	673,050	417,290	.33	.26	**62**	6.4	7.3	6.8	9.9
Celery	451,680	312,250	.23	.17	**69**	430,170	296,820	.24	.18	**69**	5.0	5.2	4.1	
Corn	394,800	237,990	.17	.13	**60**	370,010	222,010	.18	.14	**60**	6.7	7.2	5.4	
Other Fresh Vegetables	9,875,270	6,518,360	4.71	3.63	**66**	9,513,750	6,261,630	4.96	3.85	**66**	3.8	4.1	5.9	
Bananas	1,241,030	1,130,640	.82	.63	**91**	1,099,230	1,022,280	.81	.63	**93**	12.9	10.6	8.7	
Citrus Fruits	1,842,780	1,684,550	1.22	.94	**91**	1,678,310	1,544,040	1.23	.95	**92**	9.8	9.1	18.4	10.7
Other Fresh Fruits	5,037,550	4,511,930	3.26	2.51	**90**	4,346,460	3,930,250	3.12	2.41	**90**	15.9	14.8	8.7	
Total Perishables	**$ 145,624,060**	**$ 91,989,210**	**66.50**	**51.18**	**63**	**$131,746,580**	**$ 82,791,180**	**65.67**	**50.90**	**63**	**10.5**	**11.1**	**10.1**	**11.9**

What consumers spend for dry groceries

DRY GROCERIES														
Baking Needs	**$ 58,760**	**$ 52,440**	**.04**	**.03**	**89**	**$ 56,980**	**$ 50,470**	**.04**	**.03**	**89**	**3.1**	**3.9**	**4.5**	**4.8**
Baking Chocolate (unsweetened)	16,710	15,430	.01	.01	**92**	16,650	14,940	.01	.01	**90**	3.7	3.3	5.7	7.3
Baking Powder	17,630	15,670	.01	.01	**89**	17,170	15,260	.01	.01	**89**	2.7	2.7	3.4	3.4
Baking Soda	11,270	9,230	.01	*	**82**	10,410	8,510	.01	*	**82**	8.3	8.5	6.9	6.9
Yeast[10]	13,150	12,110	.01	.01	**92**	12,750	11,760	.01	.01	**92**	3.1	3.0	2.6	2.2
Beverages														
Alcoholic[11]	$ 26,119,580	$ 9,132,770	6.60	5.08	**35**	$ 24,086,940	$ 8,249,540	6.54	5.07	**34**	8.4	10.7	7.2	8.5
Beer	13,088,920	8,094,300	5.85	4.50	**62**	11,862,420	7,325,160	5.81	4.50	**62**	11.0	10.5	6.2	7.9
Bottled, Canned beer for home and other off-premises consumption	8,818,730	8,094,300	5.85	4.50	**92**	7,959,140	7,325,160	5.81	4.50	**92**	10.8	10.5	6.9	7.9
Draft beer, bottled, canned beer for on-premises consumption	4,270,190	—	—	—	--	3,903,280	—	—	—	—	9.4	—	4.7	—
Liquor	10,369,510	247,850	.18	.14	**2**	9,856,950	232,070	.18	.14	**2**	5.2	6.8	6.6	6.8
Wine	2,661,150	790,620	.57	.44	**30**	2,367,570	692,310	.55	.43	**29**	12.4	14.2	15.6	16.4

8A Consumer size packages for home use.

9 Excludes powdered synthetic orange.

10 Consumer size packages. Active dry yeast. Excludes compressed.

11 Spending in all outlets includes restaurant and other on-premises.

* Less than .005%

Spending for dry groceries, *cont.*

(add 000 to all dollar figures)

PRODUCTS	1979 Value[1] of Total Domestic Consumption	1979 Amount Spent in Grocery Stores[2]	1979 % of Food Sales	1979 % of Total Store	1979 % Gro.[3] to Total	1978 Value[1] of Total Domestic Consumption	1978 Amount Spent in Grocery Stores[2]	1978 % of Food Sales	1978 % of Total Store	1978 % Gro.[3] to Total	percentage change From '78 to '79 Total[1]	percentage change From '78 to '79 Gro.[2]	percentage change From '77 to '78 Total[1]	percentage change From '77 to '78 Gro.[2]
Prepared Beverages	$ 8,500,780	$ 6,537,840	4.73	3.64	**77**	$ 8,609,890	$6,639,780	5.27	4.08	**77**	-1.3	-1.5	-3.4	-2.1
Cocoa	30,430	22,000	.01	.01	**72**	29,320	21,190	.02	.01	**72**	3.8	3.8	5.1	5.4
Coffee	5,086,620	3,415,170	2.47	1.90	**67**	5,222,400	3,524,430	2.80	2.17	**68**	-3.6	-3.1	-8.7	-8.2
Coffee (instant)	1,940,600	1,808,190	1.31	1.01	**93**	1,982,230	1,858,370	1.47	1.14	**94**	-2.1	-2.7	6.2	6.0
Prepared (Sweetened) Cocoa	229,950	205,120	.15	.11	**89**	220,680	196,850	.16	.12	**89**	4.2	4.2	8.3	8.3
Prepared Food Drinks[12]	115,920	97,970	.07	.06	**85**	108,030	91,560	.07	.06	**85**	7.3	7.0	4.4	4.4
Tea	747,580	673,220	.49	.37	**90**	715,860	645,850	.51	.40	**90**	4.4	4.2	5.8	5.6
Instant tea	162,460	147,580	.11	.08	**91**	157,270	142,870	.11	.09	**91**	3.3	3.3	7.3	7.1
Ice tea mixes	213,900	194,710	.14	.11	**91**	196,420	180,120	.14	.11	**92**	8.9	8.1	8.6	8.4
Bags and loose tea	371,220	330,930	.24	.18	**89**	362,170	322,860	.26	.20	**89**	2.5	2.5	3.7	3.5
Breakfast drinks	144,610	133,860	.10	.08	**93**	142,190	131,620	.10	.08	**93**	1.7	1.7	7.4	6.9
Coffee Creamers	205,070	182,310	.13	.10	**89**	189,180	169,910	.14	.10	**90**	8.4	7.3	4.6	4.6
Soft Drinks	$ 7,558,350	$ 4,395,260	3.18	2.45	**58**	$ 7,016,390	$4,062,530	3.22	2.50	**58**	7.7	8.2	6.4	6.9
Bottled Soft Drinks	6,117,590	3,048,330	2.20	1.70	**50**	5,702,290	2,826,060	2.24	1.74	**50**	7.3	7.9	5.8	5.9
Dietetic	465,770	363,800	.26	.20	**78**	430,070	333,460	.26	.21	**78**	8.3	9.1	6.1	6.6
Other	5,651,820	2,684,530	1.94	1.50	**48**	5,272,220	2,492,600	1.98	1.53	**47**	7.2	7.7	5.8	5.8
Canned Soft Drinks	1,036,440	971,590	.70	.54	**94**	928,670	877,290	.70	.54	**94**	11.6	10.7	8.3	9.1
Dietetic	386,210	350,270	.25	.19	**91**	337,010	307,790	.25	.19	**91**	14.6	13.8	12.1	13.0
Other	650,230	621,320	.45	.35	**96**	591,660	569,500	.45	.35	**96**	9.9	9.1	6.3	7.1
Powdered Soft Drinks[12A]	404,320	375,340	.28	.21	**93**	385,430	359,180	.28	.22	**93**	4.9	4.5	10.0	10.0
Candy & Chewing Gum	**$ 6,349,430**	**$ 1,895,550**	**1.37**	**1.05**	**30**	**$ 5,959,790**	**$1,743,250**	**1.38**	**1.07**	**29**	**6.5**	**8.7**	**9.3**	**9.8**
Bar Candy	2,094,570	653,830	.47	.36	**31**	2,039,500	613,350	.49	.38	**30**	2.7	6.6	7.9	8.6
Boxed Candy	1,946,350	355,810	.26	.20	**18**	1,805,520	327,030	.26	.20	**18**	7.8	8.8	9.3	5.8
Bulk Candy	460,980	255,110	.18	.14	**55**	418,690	223,390	.18	.14	**53**	10.1	14.2	12.2	12.5
Chewing Gum	1,060,280	247,240	.18	.14	**23**	971,840	226,620	.18	.14	**23**	9.1	9.1	10.7	12.5
Other Candy	787,250	383,560	.28	.21	**49**	724,240	352,860	.28	.21	**49**	8.7	8.7	10.1	12.2
Canned Foods[13]	**$12,299,380**	**$10,234,310**	**7.40**	**5.69**	**83**	**$11,370,220**	**$9,468,900**	**7.51**	**5.82**	**83**	**8.2**	**8.1**	**6.3**	**6.3**
Baby Foods[13]	$ 1,078,290	$ 909,210	.66	.51	**84**	$ 980,390	$ 824,[illegible]70	.65	.51	**84**	10.0	10.3	11.6	12.4
Custards & Puddings	37,440	623,970	.45	.35	**91**	35,560	565,700	.45	.35	**91**	5.3	10.3	4.8	7.1
Fruits	210,100					196,540					6.9		6.7	
Meat & Combinations	312,960					273,570					14.4		8.8	
Vegetables	123,590					115,180					7.3		6.4	
Hypoallergenic formulas[13A]	80,660	51,930	.04	.03	**64**	74,240	46,660	.03	.03	**63**	8.6	11.3	26.1	35.2
Routine Infant Formula	313,540	233,310	.17	.13	**74**	285,300	211,910	.17	.13	**74**	9.9	10.1	18.1	24.3
Canned Fish & Other Canned Seafood	$ 1,828,680	$ 1,405,090	1.02	.78	**77**	$ 1,629,490	$1,243,440	.99	.77	**76**	12.2	13.0	8.2	8.5
Salmon	499,120	1,405,090	1.02	.78	**77**	438,980	1,243,440	.99	.77	**76**	13.7	13.0	9.8	8.5
Sardines	80,540					75,700					6.4		10.4	
Tuna	954,760					850,190					12.3		7.2	
Other Canned Fish & Canned Seafood	294,260					264,620					11.2		8.3	
Canned Fruits	$ 1,596,380	$ 1,355,890	.98	.75	**85**	$ 1,520,230	$1,290,840	1.02	.79	**85**	5.0	5.0	3.7	3.8
Citrus[14]	54,850	47,750	.03	.03	**87**	50,370	43,850	.03	.03	**87**	8.9	8.9	9.8	9.6
Pineapple	193,780	164,540	.12	.09	**85**	178,930	151,930	.12	.09	**85**	8.3	8.3	5.4	5.4
Applesauce	197,460	169,790	.12	.09	**86**	185,410	159,280	.13	.10	**86**	6.5	6.6	2.3	2.3
Fruit Cocktail	223,660	189,400	.14	.11	**85**	212,400	179,870	.14	.11	**85**	5.3	5.3	4.8	4.5
Peaches	305,980	259,560	.19	.14	**85**	300,870	255,220	.20	.15	**85**	1.7	1.7	3.1	3.5
Pears	153,600	129,070	.09	.07	**84**	149,130	125,190	.10	.08	**84**	3.0	[illegible].1	1.7	1.7
All Other	467,050	395,780	.29	.22	**85**	443,120	375,500	.30	.23	**85**	5.4	5.4	3.6	3.9
Canned Juices	$ 870,710	$ 718,630	.52	.40	**83**	$ 811,740	$ 670,010	.53	.41	**83**	7.3	7.3	7.1	7.0
Orange[15]	96,450	73,800	.05	.04	**77**	90,140	69,040	.05	.04	**77**	7.0	6.9	5.8	5.9
Grapefruit[15]	197,340	161,100	.12	.09	**82**	180,380	147,260	.12	.09	**82**	9.4	9.4	9.9	9.4
Other Fruit Juices[15]	330,140	274,690	.20	.15	**83**	315,020	262,110	.21	.16	**83**	4.8	4.8	6.8	6.8
Vegetable Juices[16]	246,780	209,040	.15	.12	**85**	226,200	191,600	.15	.12	**85**	9.1	9.1	5.9	5.9
Canned Fruit Drinks	$ 370,750	$ 310,760	.22	.17	**84**	$ 338,280	$ 283,540	.23	.18	**84**	9.6	9.6	5.8	5.8
Canned Meat	$ 2,243,970	$ 1,720,620	1.24	.96	**77**	$ 2,060,580	1,580,000	1.25	.97	**77**	8.9	8.9	7.6	7.2
Canned Milk	$ 403,430	$ 346,630	.25	.19	**86**	$ 383,050	$ 330,140	.26	.20	**86**	5.3	5.0	5.1	4.7
Condensed Milk	24,450	15,170	.01	.01	**62**	23,490	14,460	.01	.01	**62**	4.1	4.9	3.6	3.6
Evaporated Milk	378,980	331,460	.24	.18	**87**	359,560	315,680	.25	.19	**88**	5.4	5.0	5.2	4.8
Canned Poultry	$ 83,060	$ 75,580	.06	.04	**91**	$ 76,690	$ 69,980	.06	.04	**91**	8.3	8.0	5.8	5.5
Canned Soups[17]	$ 1,130,750	$ 1,043,240	.75	.58	**92**	$ 1,049,910	$ 975,900	.77	.60	**93**	7.7	6.9	6.3	6.0
Canned Vegetables	$ 2,693,360	$ 2,348,660	1.70	1.31	**87**	$ 2,519,830	$2,200,780	1.75	1.35	**87**	6.9	6.7	3.9	4.0
Beans with Pork or Sauce[18]	366,670	330,280	.24	.19	**90**	341,720	308,670	.24	.19	**90**	7.3	7.0	8.2	8.2
Asparagus	193,300	164,200	.12	.09	**85**	171,980	147,140	.12	.09	**86**	12.4	11.6	11.1	11.0
Beans (wax and green)	250,990	221,500	.16	.12	**88**	235,560	208,770	.17	.13	**88**	6.1	6.1	3.7	3.7
Corn	511,810	445,290	.32	.25	**87**	476,550	414,610	.33	.25	**87**	7.4	7.4	6.7	6.7
Peas	309,790	273,290	.20	.15	**88**	294,200	260,280	.21	.16	**88**	5.3	5.0	1.6	1.6
Tomatoes	314,140	266,690	19	.15	**85**	28[illegible],360	243,550	.19	.15	**85**	9.7	9.5	-11.7	-11.7
All Other	746,660	647,410	.47	.36	**87**	71[illegible],460	617,760	.49	.38	**87**	4.8	4.8	7.1	7.1

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12 Includes chocolate syrup drinks, malted milk items, and other items but excludes chocolate syrup.

12A Excludes "Breakfast drinks" listed separately above.

13 Includes glass packs. Infant formulas also listed under HBA, Infant cereals, under Cereals.

13A Includes soya isolate formulas.

14 Canned or chilled citrus sections.

15 Full strength and concentrated juices in can. Non-carbonated canned fruit flavored drinks listed separately below.

16 Chiefly tcmato juice.

17 Excludes frozen soups.

18 Includes baked beans.

Spending for dry groceries, *cont.*

(add 000 to all dollar figures)

PRODUCTS	1979					1978					percentage change			
	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Food Sales	% of Total Store	% Gro.[3] to Total	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Food Sales	% of Total Store	% Gro.[3] to Total	From '78 to '79 Total[1]	From '78 to '79 Gro.[1]	From '77 to '78 Total[1]	From '77 to '78 Gro.[1]
Cereals, Flour & Macaroni	**$5,272,440**	**$4,588,100**	**3.32**	**2.55**	**87**	**$4,820,290**	**$4,232,970**	**3.36**	**2.60**	**88**	9.4	8.4	**8.9**	**8.3**
Cereals	$2,522,230	$2,304,900	1.67	1.28	91	$2,283,540	$2,114,410	1.68	1.30	93	10.5	9.0	9.2	8.0
Cold Cereals	2,023,430	1,877,980	1.36	1.04	93	1,811,490	1,710,360	1.36	1.05	94	11.7	9.8	10.2	8.6
Corn Meal, Hominy Grits	192,420	157,200	.11	.09	82	185,550	151,590	.12	.09	82	3.7	3.7	4.4	4.4
Hot Cereals	253,530	221,430	.16	.12	87	236,500	206,560	.16	.13	87	7.2	7.2	6.7	6.3
Infant Cereals	52,850	48,290	.04	.03	91	50,000	45,900	.04	.03	92	5.7	5.2	5.5	5.1
Rice	$ 421,650	$ 341,320	.25	.19	81	$ 386,130	$ 321,090	.25	.20	83	9.2	6.3	16.3	16.3
Flour	$1,387,640	$1,239,030	.89	.69	89	$1,267,870	$1,140,480	.91	.70	90	9.4	8.6	7.3	6.8
Cake Flour	9,970	8,740	.01	*	88	9,370	8,210	.01	.01	88	6.4	6.4	3.6	3.6
Family Flour	561,440	449,710	.32	.25	80	518,890	414,860	.33	.25	80	8.2	8.4	5.9	5.9
Pancake Flour	39,820	36,340	.02	.02	91	37,960	35,250	.03	.02	93	4.9	3.1	2.2	2.0
Prepared Mixes	776,410	744,240	.54	.42	96	701,650	682,160	.54	.42	97	10.7	9.1	8.7	7.7
Cake Mixes	449,960	744,240	.54	.42	96	404,640	682,160	.54	.42	97	11.2	9.1	8.3	7.7
Frostings, Icings, Fudge Mixes	57,530					53,420					7.7		8.6	
Other Prepared Mixes	268,920					243,590					10.4		9.4	
Macaroni Products	$ 940,920	$ 702,850	.51	.39	75	$ 882,750	$ 656,990	.52	.40	74	6.6	7.0	7.4	8.1
Macaroni	312,630	219,700	.16	.12	70	291,360	203,990	.16	.12	70	7.3	7.7	6.3	7.2
Noodles	233,040	168,040	.12	.09	72	221,310	158,230	.13	.10	71	5.3	6.2	9.4	9.4
Spaghetti	395,250	315,110	.23	.18	80	370,080	294,770	.23	.18	80	6.8	6.9	7.1	8.1
Condiments, Dressings, Spreads, Relishes	**$3,904,900**	**$2,948,770**	**2.13**	**1.64**	**76**	**$3,617,340**	**$2,733,990**	**2.17**	**1.68**	**76**	**7.9**	**7.9**	**7.2**	**6.9**
Condiments	$1,214,020	$ 928,210	.67	.52	76	$1,139,930	$ 870,710	.69	.54	76	6.5	6.6	8.4	7.7
Barbecue Sauces	32,070	27,630	.02	.02	86	31,200	26,880	.02	.02	86	2.8	2.8	6.3	6.3
Catsup	396,370	308,170	.22	.17	78	374,640	291,280	.23	.18	78	5.8	5.8	3.7	3.9
Condiment Sauces[19]	72,090	55,200	.04	.03	77	67,690	51,830	.04	.03	77	6.5	6.5	5.4	5.2
Flavor Enhancers	16,740	14,850	.01	.01	89	15,810	14,020	.01	.01	89	5.9	5.9	1.9	1.9
Mustard, Prepared	97,070	70,860	.05	.04	73	92,010	67,040	.06	.04	73	5.5	5.7	7.7	7.8
Pepper	132,060	95,220	.07	.05	72	128,960	92,990	.07	.06	72	2.4	2.4	7.6	8.4
Salt	117,870	96,040	.07	.05	82	111,090	90,520	.07	.06	81	6.1	6.1	7.9	7.9
Spices	349,750	260,240	.19	.15	74	318,530	236,150	.19	.14	74	9.8	10.2	16.5	13.6
Dressings, Spreads	$1,836,420	$1,440,630	1.04	.80	78	$1,665,760	$1,316,080	1.04	.81	79	10.2	9.5	7.1	7.1
French Dressings	72,290	60,310	.04	.03	83	67,060	55,790	.04	.03	83	7.8	8.1	8.4	8.4
Mayonnaise	579,490	455,700	.33	.25	79	521,120	409,060	.32	.25	78	11.2	11.4	7.3	7.3
Other Dressings[20]	568,370	474,450	.34	.26	84	524,330	446,330	.36	.27	85	8.4	6.3	7.7	7.7
Olive Oil	50,780	45,920	.03	.03	90	45,710	40,820	.03	.03	89	11.1	12.5	--6.7	—6.9
Peanut Butter	425,670	301,750	.22	.17	71	377,370	268,460	.21	.17	71	12.8	12.4	8.4	8.7
Sandwich Spreads	45,600	39,940	.03	.02	88	44,360	38,850	.03	.02	88	2.8	2.8	3.2	3.1
Vinegar	94,220	62,560	.05	.04	66	85,810	56,770	.05	.04	66	9.8	10.2	6.6	6.9
Relishes & Appetizers	$ 854,460	$ 579,930	.42	.32	68	$ 811,650	$ 547,200	.44	.33	67	5.3	6.0	5.9	5.0
Bottled Green Olives	120,790	99,870	.07	.05	83	110,1[illegible]0	91,040	.07	.06	83	9.7	9.7	−2.6	−1.8
Canned Ripe Olives	98,240	85,740	.06	.05	87	93,740	81,810	.07	.05	87	4.8	4.8	8.6	8.6
Pickled Cucumbers, Tomatoes, Peppers[21]	551,970	321,860	.24	.18	58	526,690	303,930	.24	.18	58	4.8	5.9	7.5	6.1
Relishes & Mixed Pickles	83,460	72,460	.05	.04	87	81,110	70,420	.06	.04	87	2.9	2.9	5.3	5.3
Desserts	**$ 280,610**	**$ 249,960**	**.18**	**.14**	**89**	**$ 260,400**	**$ 232,400**	**.19**	**.14**	**89**	**7.8**	**7.6**	**3.1**	**3.0**
Packaged Gelatin Desserts[22]	187,350	169,760	.12	.09	91	174,770	158,650	.13	.10	91	7.2	7.0	0.7	0.7
Prepared Puddings[23]	93,260	80,200	.06	.05	86	85,630	73,750	.06	.04	86	8.9	8.7	8.3	8.3
Instant	31,960	26,400	.02	.02	83	29,130	24,070	.02	.01	83	9.7	9.7	10.2	10.4
Others	61,300	53,800	.04	.03	88	56,500	49,680	.04	.03	88	8.5	8.3	7.3	7.3
Dried Foods	**$3,174,600**	**$2,080,290**	**1.51**	**1.16**	**66**	**$2,942,560**	**$1,905,160**	**1.51**	**1.17**	**65**	**7.9**	**9.2**	**6.4**	**6.7**
Dried Vegetables, Fruits, Nuts	$2,600,010	$1,598,350	1.16	.89	61	$2,406,530	$1,454,720	1.15	.89	60	8.0	9.9	6.9	8.0
Beans and Peas	551,330	273,530	.20	.15	50	509,550	248,210	.19	.15	49	8.2	10.2	3.7	3.7
Fruits	531,290	410,870	.30	.23	77	450,630	347,310	.27	.21	77	17.9	18.3	9.8	9.8
Instant Mashed Potatoes	95,430	87,850	.06	.05	92	89,520	82,720	.07	.05	92	6.6	6.2	5.4	5.1
Other Instant Potatoes	37,570	33,840	.03	.02	90	35,850	32,570	.03	.02	91	4.8	3.9	3.8	3.5
Nuts	1,384,390	792,260	.57	.44	57	1,320,980	743,910	.59	.46	56	4.8	6.5	7.4	9.2
Other Dried Foods	$ 574,590	$ 481,940	.35	.27	84	$ 536,030	$ 450,440	.36	.28	84	7.2	7.0	4.1	2.8
Cured Fish	143,350	89,500	.06	.05	62	129,030	78,720	.06	.05	61	11.1	13.7	9.6	10.2
Dry Milk Powders[24]	127,150	117,380	.09	.07	92	122,970	113,960	.09	.07	93	3.4	3.0	−7.9	−8.4
Soup Mixes[25]	182,810	163,680	.12	.09	90	167,100	150,030	.12	.09	90	9.4	9.1	12.6	10.5
Instant Bouillon & Cubes	42,480	39,060	.03	.02	92	41,320	38,290	.03	.02	93	2.8	2.0	3.2	3.1
Dry Gravy Mixes	46,650	43,700	.03	.02	94	43,970	41,270	.04	.03	94	6.1	5.9	4.2	4.1
Dry Toppings	32,150	28,620	.02	.02	89	31,640	28,170	.02	.02	89	1.6	1.6	−4.8	−4.8
Fats & Shortening[26]	**$1,588,160**	**$1,230,300**	**.89**	**.69**	**77**	**$1,502,270**	**$ 1,158,510**	**.92**	**.72**	**77**	**5.7**	**6.2**	**4.8**	**5.7**
Cooking & Salad Oils	774,600	622,730	.45	.35	80	710,640	572,890	.45	.35	81	9.0	8.7	8.3	8.8
Lard	197,380	83,820	.06	.05	42	206,460	88,230	.07	.06	43	-4.4	-5.0	−3.1	−2.3
Shortening[26A]	616,180	523,750	.38	.29	85	585,170	497,390	.40	.31	85	5.3	5.3	3.8	3.8

[19] Excludes chili, seafood, cocktail, and spaghetti sauce.

[20] Includes pourable and spoon-type salad dressings.

[21] Includes pickles of all types as well as pickled tomatoes, peppers, and the like. Mixed pickles are included in relishes.

[22] Both flavored and unflavored.

[23] Includes corn starch puddings, tapioca, rennet.

[24] Non-fat dry milk solids in household size packages.

[25] Excludes bouillon cubes listed separately below.

[26] Olive oil included with dressings. Margarine with Dairy.

[26A] Vegetable shortening and shortening compounds.

Spending for dry groceries, *cont.*

(add 000 to all dollar figures)

PRODUCTS	1979					1978					percentage change			
	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Food Sales	% of Total Store	% Gro.[3] to Total	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Food Sales	% of Total Store	% Gro.[3] to Total	From '78 to '79 Total[4]	From '78 to '79 Gro[4]	From '77 to '78 Total[4]	From '77 to '78 Gro[4]
Jams, Jellies, Preserves	$ 747,340	$ 640,300	.46	.36	86	$ 693,890	$ 593,420	.47	.37	86	7.7	7.9	5.8	5.8
Citrus Marmalade	10,470	640,300	.46	.36	86	9,680	593,420	.47	.37	86	8.2	7.9	1.8	5.8
Fruit Butter	5,650					5,450					3.6		-4.9	
Jams, Preserves	523,280					484,970					7.9		6.3	
Jellies	207,940					193,790					7.3		5.2	
Sweeteners, Flavors	$ 2,169,860	$ 1,708,690	1.23	.95	79	$ 2,079,610	$ 1,637,610	1.30	1.01	79	4.3	4.3	8.2	8.3
Flavoring Extracts	129,850	85,670	.06	.05	66	123,100	80,780	.06	.05	66	5.5	6.1	7.7	7.9
Vanilla Extract	79,360	53,450	.04	.03	67	76,310	50,950	.04	.03	67	4.0	4.9	8.4	8.4
Other Flavoring Extracts	50,490	32,220	.02	.02	63	46,790	29,830	.02	.02	64	7.9	8.0	6.7	6.9
Marshmallow Creme	9,450	8,570	.01	*	91	9,030	8,230	.01	.01	91	4.6	4.1	9.7	9.4
Packaged Molases	3,860	3,280	*	*	85	3,930	3,340	*	*	85	-1.8	-1.8	-3.3	-3.8
Sugar	1,722,920	1,386,860	1.00	.77	80	1,655,060	1,332,240	1.06	.82	80	4.1	4.1	8.9	8.9
Table Syrup	303,780	224,310	.16	.13	74	288,490	213,020	.17	.13	74	5.3	5.3	4.7	4.7
All Other Dry Groceries[27]	$ 1,289,050	$ 918,450	.67	.51	71	$ 1,159,220	$ 824,700	.65	.51	71	11.2	11.4	14.6	15.1
Duplication[27A]	$ -394,200	$ -285,240	-.21	-.16	—	$ -359,540	$ -258,570	-.21	-.16	—	—	—	—	—
Total Dry Groceries	$ 78,919,040	$ 46,327,790	33.50	25.78	59	$ 73,816,250	$ 43,274,660	34.33	26.61	59	6.9	7.1	5.9	5.8
Total Foods[28]	$224,543,100	$138,317,000	100.00	76.96	62	$205,562,830	$126,065,840	100.00	77.51	61	9.8	9.7	8.6	9.7

What consumers spend for household, pet, tobacco products

	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Non-food Sales	% of Total Store	% Gro.[3] to Total	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Non-food Sales	% of Total Store	% Gro.[3] to Total	From '78 to '79 Total[4]	From '78 to '79 Gro.[4]	From '77 to '78 Total[4]	From '77 to '78 Gro.[4]
Household Supplies	$ 15,260,260	$ 12,525,760	30.25	6.97	82	$ 13,556,960	$ 11,111,220	30.38	6.83	82	12.6	12.7	10.7	11.0
Dry Cleaners	$ 44,630	$ 26,170	.06	.02	59	$ 39,500	$ 23,440	.06	.02	59	13.0	11.6	5.9	5.6
Home Dry Cleaning Fluids	19,020	15,530	.04	.01	82	17,480	14,350	.04	.01	82	8.8	8.2	2.7	2.7
Spot Cleaning Fluids	25,610	10,640	.02	.01	42	22,020	9,090	.02	.01	41	16.3	17.1	8.6	10.4
Laundry Supplies	$ 797,320	$ 730,230	1.76	.41	92	$ 747,320	$ 687,410	1.88	.42	92	6.7	6.2	6.0	5.9
Bleaches	248,840	242,200	.56	.13	93	242,200	226,760	.62	.14	94	2.7	2.3	3.9	3.9
Liquid	212,330	198,980	.48	.11	94	208,580	196,230	.54	.12	94	1.8	1.4	3.9	3.9
Dry	36,510	33,030	.08	.02	90	33,620	30,530	.08	.02	91	8.6	8.2	3.6	3.6
Bluing	4,480	3,720	.01	*	83	4,790	4,000	.01	*	84	-6.4	-6.9	-11.7	-11.7
Fabric Softeners	434,720	395,170	.95	.22	91	388,840	354,730	.97	.22	91	11.8	11.4	8.6	8.4
Laundry Starch	109,280	99,330	.24	.06	91	111,490	101,920	.28	.06	91	-2.0	-2.5	2.9	2.9
Dry	7,900	7,090	.02	*	90	8,470	7,600	.02	*	90	-6.7	-6.7	-3.7	-3.7
Sprays	79,230	71,660	.17	.04	90	80,350	72,970	.20	.04	91	-1.4	-1.8	3.9	3.9
Other Liquids	22,150	20,580	.05	.01	93	22,670	21,350	.06	.01	94	-2.3	-3.6	1.8	1.8
Soaps & Detergents	$ 3,683,800	$ 3,373,800	8.15	1.88	92	$ 3,279,670	$ 3,007,480	8.22	1.85	91	12.3	12.2	9.1	9.3
Cleansers (Scouring)	246,860	190,910	.46	.11	77	218,650	167,320	.46	.10	77	12.9	14.1	16.9	17.1
Laundry Bar Soap	6,540	5,120	.01	*	78	7,170	5,650	.02	*	79	-8.8	-9.4	-3.8	-3.8
Soap Flakes, Chips, Powders	34,150	31,880	.08	.02	93	32,650	30,650	.08	.02	94	4.6	4.0	3.7	3.1
Liquid Detergents	1,131,340	1,048,310	2.53	.56	93	1,010,540	938,120	2.56	.58	93	12.0	11.7	7.7	7.0
Heavy Duty	321,440	295,480	.71	.16	92	280,240	258,060	.71	.16	92	14.7	14.5	12.9	12.0
Other Liquids	809,900	752,830	1.82	.42	93	730,300	680,060	1.86	.42	93	10.9	10.7	5.8	5.2
Other Detergents	1,595,890	1,512,760	3.66	.84	95	1,420,000	1,348,940	3.69	.83	93	12.4	12.1	9.8	10.9
Dishwasher Compounds	174,620	156,740	.38	.09	90	154,530	138,950	.38	.08	90	13.0	12.8	14.8	15.0
Other Dry Low Sudsing	586,820	547,590	1.32	.30	93	535,420	501,460	1.37	.31	94	9.6	9.2	13.9	13.9
Other Dry Detergents	834,450	808,430	1.96	.45	97	730,050	708,530	1.94	.44	92	14.3	14.1	6.1	8.2
Toilet Soaps & Detergents	669,020	584,820	1.41	.33	87	590,660	516,800	1.41	.31	88	13.3	13.2	7.8	7.6
Deodorant Soaps & Bars	378,260	367,440	.89	.20	97	338,340	328,660	.90	.20	97	11.8	11.8	7.9	7.6
Other Bath Soaps	203,900	154,340	.37	.09	76	175,930	132,940	.36	.08	76	15.9	16.1	6.9	6.9
Other Bath Detergents	86,860	63,040	.15	.04	73	76,390	55,200	.15	.03	72	13.7	14.2	9.5	9.5
Other Cleaners & Cleansers	$ 1,029,320	$ 831,140	2.01	.46	81	$ 948,590	$ 762,460	2.08	.46	80	8.5	9.0	7.8	7.5
All-purpose Cleaners (liquids)	402,590	342,310	.83	.19	85	356,590	302,660	.82	.19	85	12.9	13.1	9.9	9.9
Cellulose Sponges	70,240	54,830	.13	.03	78	62,550	47,640	.13	.03	76	12.3	15.1	9.1	9.6
Drain Pipe Solvents	19,540	17,880	.04	.01	92	18,470	16,950	.05	.01	92	5.8	5.5	5.5	5.5
Household Ammonia	27,190	18,360	.04	.01	68	28,900	19,470	.05	.01	67	-5.9	-5.7	2.4	2.4
Household Floor Brooms	130,140	92,100	.22	.05	71	125,500	88,390	*	.05	70	3.7	4.2	9.7	9.9
Rug Cleaning Powders	820	350	*	*	43	920	390	.24	*	42	-10.4	-10.4	-7.7	-7.7
Rug Cleaning Liquids[28A]	59,650	42,890	.10	.02	72	54,980	39,280	.11	.02	71	8.5	9.2	2.6	2.6
Steel Wool & Wire Sponges[29]	90,820	81,990	.20	.05	90	90,100	81,340	.22	.05	90	0.8	0.8	4.2	4.2
Toilet Bowl Cleaners (liquids)	65,760	56,210	.14	.03	85	60,000	51,050	.14	.03	85	9.6	10.1	8.7	8.3
Wall & Floor Cleaners[30]	44,920	40,250	.10	.02	90	44,000	39,690	.11	.02	90	2.1	1.4	-3.8	-3.8
Window Cleaning Liquids	49,590	44,000	.11	.02	89	44,760	39,820	.11	.02	89	10.8	10.5	11.4	7.2
All Other Cleaning Supplies[31]	68,060	39,970	.10	.02	59	61,820	35,780	.10	.02	58	10.1	11.7	10.2	10.2

27 Includes new products and products not classified elsewhere

27A For "Infant Formulas."

28 Edibles for human consumption. Excludes pet foods.

28A Liquids and Sprays.

29 Includes soap cakes and pads. Excludes plastics.

30 Chemical heavy duty household cleaners for walls, woodwork and floors. Excludes liquids.

31 Includes borax, water softeners, and similar items.

* Less than .005%.

Spending for household, pet, tobacco products, *cont.*

(add 000 to all dollar figures)

PRODUCTS	1979					1978					percentage change			
	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Non-food Sales	% of Total Store	% Gro.[3] to Total	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Non-food Sales	% of Total Store	% Gro.[3] to Total	From '78 to '79 Total[3]	From '78 to '79 Gro.[3]	From '77 to '78 Total[3]	From '77 to '78 Gro.[3]
Home Canning Supplies	$ 130,600	$ 112,830	.27	.06	**86**	$ 112,590	$ 97,090	.26	.06	**86**	16.0	16.2	-9.9	-13.0
Caps, Lids, Bands	77,060	68,500	.17	.04	**89**	66,370	59,050	.16	.04	**89**	16.1	16.0	-17.0	-20.1
Jars	47,080	39,030	.09	.02	**83**	40,480	33,330	.09	.02	**82**	16.3	17.1	4.9	2.7
Rings	6,460	5,300	.01	*	**82**	5,740	4,710	.01	*	**82**	12.5	12.5	-10.4	-10.4
Pesticides	$ 256,800	$ 113,170	.27	.06	**44**	$ 241,850	$ 106,640	.29	.07	**44**	6.2	6.1	8.8	8.3
Aerosols	65,820	46,790	.11	.03	**71**	63,410	45,030	.12	.03	**71**	3.8	3.9	5.6	5.6
Liquids (Non Aerosol)	20,410	14,720	.04	.01	**72**	19,550	14,070	.04	.01	**72**	4.4	4.6	1.7	2.0
Pastes, Solids, Strips	158,260	46,430	.11	.02	**29**	147,630	42,790	.12	.03	**29**	7.2	8.5	11.3	13.5
Personal Insect Repellants	12,310	5,230	.01	*	**42**	11,260	4,750	.01	*	**42**	9.3	10.1	8.8	9.1
Paper Products	$ 6,161,440	$ 5,292,960	12.79	2.95	**86**	$ 5,338,870	$ 4,588,850	12.55	2.52	**86**	15.4	15.3	10.9	10.7
Cleansing & Facial Tissues	574,240	500,850	1.21	.28	**86**	517,800	445,600	1.22	.28	**86**	10.9	12.4	6.9	7.2
Disposable Diapers & Liners	1,557,640	1,203,470	2.91	.67	**77**	1,313,360	1,010,470	2.76	.62	**77**	18.6	19.1	19.9	21.3
Pre-moistened Towels and Wipes	40,170	32,110	.08	.02	**80**	36,990	29,570	.08	.02	**80**	8.6	8.6	4.8	5.0
Paper Cups[31A]	268,730	208,230	.50	.11	**77**	249,520	192,270	.53	.12	**77**	7.7	8.3	5.7	5.7
Paper Plates[31A]	233,250	179,380	.43	.10	**77**	219,220	165,630	.45	.10	**76**	6.4	8.3	4.9	5.3
Paper Towels	1,306,960	1,213,440	2.93	.68	**93**	1,129,610	1,051,510	2.88	.64	**93**	15.7	15.4	22.0	21.9
Toilet Paper	1,806,990	1,679,420	4.06	.93	**93**	1,523,600	1,434,180	3.92	.88	**94**	18.6	17.1	16.0	15.2
Freezer Paper	15,710	12,820	.03	.01	**82**	14,510	11,640	.03	.01	**80**	8.3	10.1	6.2	6.2
Garbage Bags[32]	1,020	660	*	*	**65**	1,030	670	*	*	**65**	-1.1	-1.1	-0.5	-0.1
Paper Napkins	228,630	213,920	.52	.12	**94**	213,670	201,240	.55	.12	**94**	7.0	6.3	9.2	9.0
Sandwich Bags[32]	7,650	6,760	.02	*	**88**	7,900	6,980	.02	*	**88**	-3.2	-3.2	-7.7	-7.0
Shelf Paper[32]	2,170	1,370	*	*	**63**	2,310	1,460	*	*	**63**	-6.2	-6.2	-8.7	-8.7
Waxed Paper	12,060	10,240	.02	.01	**85**	12,520	10,630	.03	.01	**85**	-3.7	-3.7	-9.3	-10.4
Other Paper Products[33]	106,220	30,290	.07	.02	**29**	96,830	27,000	.08	.02	**28**	9.7	12.2	8.6	11.4
Household Aluminum Foil	$ 281,290	$ 253,460	.61	.14	**88**	$ 250,260	$ 225,100	.62	.14	**90**	12.4	12.1	6.6	6.1
Plastic Film Wraps[34]	$ 513,130	$ 457,180	1.11	.26	**89**	$ 462,810	$ 413,380	1.13	.25	**89**	10.9	10.6	12.5	11.6
Plastic Bags	360,360	319,570	.77	.18	**89**	328,570	290,620	.79	.18	**88**	9.7	10.0	13.9	12.7
Garbage Disposal	213,340	186,680	.45	.10	**88**	193,070	168,030	.46	.10	**87**	10.5	11.1	13.6	13.1
All Other Plastic Bags	147,020	132,890	.32	.08	**90**	135,500	122,590	.33	.08	**90**	8.5	8.4	14.3	12.1
Other Plastic Wraps	152,770	137,610	.34	.08	**90**	134,240	122,760	.34	.07	**91**	13.8	12.1	9.1	9.0
Waxes & Polishes	$ 499,040	$ 332,440	.80	.18	**67**	$ 463,580	$ 309,870	.85	.19	**67**	7.6	7.3	1.4	0.4
Automobile Polish	109,220	28,540	.07	.02	**26**	99,290	26,040	.07	.02	**26**	10.0	9.6	6.6	9.3
Furniture Polish	87,650	57,980	.14	.03	**66**	81,990	54,240	.15	.03	**66**	6.9	6.9	4.8	5.1
Liquid Floor Wax	8,010	4,740	.01	*	**59**	7,980	4,720	.01	*	**59**	0.4	0.5	-3.7	-2.2
Paste Floor Wax	4,970	3,170	.01	*	**64**	4,800	3,050	.01	*	**64**	3.6	3.8	0.3	0.4
Self-Polishing Floor Wax	289,190	238,010	.57	.13	**82**	269,520	221,820	.61	.14	**82**	7.3	7.3	-1.2	-1.5
Other Household Supplies	$ 1,701,630	$ 924,290	2.23	.51	**54**	$ 1,535,950	$ 822,930	2.26	.31	**54**	10.8	12.3	8.2	9.5
Charcoal Briquets	224,950	175,340	.42	.10	**78**	212,020	163,260	.45	.10	**77**	6.1	7.4	N.A.	N.A.
Electric Light Bulbs[35]	738,090	332,970	.80	.18	**45**	666,750	285,570	.78	.18	**43**	10.7	16.6	8.9	10.5
Household Deodorizers	172,250	115,290	.28	.06	**67**	153,110	101,490	.28	.06	**66**	12.5	13.6	9.1	12.3
Household Disinfectants	188,410	139,680	.34	.08	**74**	173,330	128,260	.35	.08	**74**	8.7	8.9	7.2	7.2
Household Tints & Dyes	40,200	3,640	.01	*	**9**	37,890	3,410	.01	*	**9**	6.1	6.8	3.7	5.2
Matches, Boxed	31,140	20,790	.05	.01	**67**	29,430	20,340	.06	.01	**69**	5.8	2.2	6.4	6.4
White Shoe Polishes	12,810	123,310	.30	.07	**50**	11,690	109,030	.30	.07	**48**	9.6	13.1	5.9	8.7
Other Shoe Polishes	233,610					214,910					8.7		8.3	
Household Gloves	40,170	13,270	.03	.01	**33**	36,820	11,570	.03	.01	**31**	9.1	14.7	1.9	3.8
Household Supplies, n.e.c	$ 161,260	$ 78,090	.19	.04	**48**	$ 135,970	$ 65,570	.18	.04	**48**	18.6	19.1	10.4	11.0
Pet Foods[36]	**$ 3,152,620**	**$ 2,886,810**	**6.97**	**1.61**	**92**	**$ 2,815,080**	**$ 2,606,840**	**7.13**	**1.60**	**93**	**12.0**	**10.7**	**8.6**	**7.9**
Bird Food	29,220	15,600	.04	.01	**55**	28,150	14,830	.04	.01	**53**	3.8	5.2	1.0	1.0
Canned Cat Foods	635,810	589,950	1.43	.33	**93**	569,210	536,320	1.47	.33	**94**	11.7	10.0	7.2	6.9
Canned Dog Foods	752,020	710,160	1.71	.40	**94**	666,680	631,250	1.73	.39	**95**	12.8	12.5	7.2	7.0
Dry Cat Foods	158,210	138,000	.33	.08	**87**	135,220	118,150	.32	.07	**87**	17.0	16.8	8.3	7.4
Dry Dog Foods	1,223,020	1,115,530	2.69	.62	**91**	1,057,980	984,580	2.69	.60	**93**	15.6	13.3	11.6	10.1
Semi-Moist Dog Foods	313,220	281,060	.68	.15	**90**	318,640	285,920	.78	.18	**90**	-1.7	-1.7	5.2	5.2
Semi-Moist Cat Foods	41,120	36,510	.09	.02	**89**	39,200	35,790	.10	.02	**91**	4.9	2.0	9.0	8.1
Tobacco Products	**$14,825,650**	**$ 6,121,070**	**14.79**	**3.40**	**41**	**$ 14,005,390**	**$ 5,702,810**	**15.59**	**3.51**	**41**	**5.9**	**7.3**	**4.9**	**7.6**
Cigarettes	13,698,560	5,866,730	14.17	3.26	**43**	12,944,090	5,467,000	14.95	3.36	**42**	5.8	7.3	5.0	7.7
Filter-tipped	12,481,490	5,866,730	14.17	3.26	**43**	11,686,790	5,467,600	14.95	3.36	**42**	6.8	7.3	5.9	7.7
Other Cigarettes	1,217,070					1,257,300					-3.2		-2.8	
Cigars	758,660	92,900	.23	.05	**12**	723,910	87,640	.24	.06	**12**	4.8	6.0	3.2	4.8
Tobacco & Snuff	368,430	161,440	.39	.09	**44**	337,390	147,570	.40	.09	**44**	9.2	9.4	3.6	4.1
All Other Groceries n.e.c.	**$ 1,614,250**	**$ 1,222,160**	**2.95**	**.68**	**76**	**$ 1,354,240**	**$ 1,020,170**	**2.79**	**.63**	**75**	**19.2**	**19.8**	**15.0**	**14.4**
Total Other Groceries	**$34,852,780**	**$22,755,800**	**54.96**	**12.66**	**65**	**$ 31,731,670**	**$ 20,441,040**	**55.89**	**12.57**	**64**	**9.8**	**11.3**	**8.0**	**9.8**
Total Foods & Grocery Products	**$259,395,880**	**$161,072,800**	...	**89.62**	**62**	**$237,294,500**	**$146,506,880**	...	**90.08**	**62**	**9.3**	**9.9**	**8.5**	**9.7**

31A Includes plastic and other non-paper disposables.

32 Paper only.

33 Excludes aluminum or plastic which are listed separately below.

34 Consumer size packages for household use only.

35 200 watt and under including non-residential use. Grocery store sales, estimated at 70% of residential.

36 Pet accessories listed under General Merchandise.

n.e.c. Not elsewhere classified. * Less than .005%.

N.A. Not available

What consumers spend for general merchandise/hba

(add 000 to all dollar figures) PRODUCTS	1979					1978					percentage change			
	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Non-food Sales	% of Total Store	% Gro.[3] to Total	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[2]	% of Non-food Sales	% of Total Store	% Gro.[3] to Total	From '78 to '79 Total[1]	From '78 to '79 Gro.[3]	From '77 to '78 Total[1]	From '77 to '78 Gro.[3]
Health & Beauty Aids (Non-Rx)	**$ 17,553,380**	**$ 6,774,560**	**16.36**	**3.77**	**39**	**$ 16,024,600**	**$ 5,929,120**	**16.21**	**3.65**	**37**	**9.5**	**14.3**	**7.2**	**10.2**
Dieting Aids	$ 132,360	$ 58,070	.14	.03	44	$ 122,850	$ 52,000	.14	.03	42	7.7	11.7	-0.1	-0.1
Metered Calorie Products	34,070	13,290	.03	.01	39	32,890	12,510	.03	.01	38	3.6	6.2	-21.7	-24.4
Reducing Preparations	35,800	4,810	.01	*	13	31,990	4,060	.01	*	13	11.9	18.4	12.1	13.8
Synthetic Sweeteners	62,490	39,970	.10	.02	64	57,970	35,430	.10	.02	61	7.8	12.8	9.5	11.1
Cosmetics, Hand Products	$ 2,115,330	$ 336,550	.81	.19	16	$ 1,940,580	$ 293,290	.80	.18	15	9.0	14.7	8.0	11.3
Eye Makeup Products	410,200	63,720	.15	.04	16	362,320	50,690	.14	.03	14	13.2	25.7	12.0	31.8
Mascara	66,320	63,720	.15	.04	16	60,730	50,690	.14	.03	14	9.2	25.7	7.3	31.8
Eyebrow Pencil	38,380					33,060					16.1		12.4	
Eye Shadow	64,940					56,770					14.4		11.2	
Other eye preparations and accessories[37]	240,560					211,760					13.6		13.6	
Face Cream	401,520	74,420	.18	.04	19	370,410	66,270	.18	.04	18	8.4	12.3	7.9	11.1
Face Lotions & Astringents	73,640	7,110	.02	*	10	69,340	6,290	.02	*	9	6.2	13.1	5.8	5.0
Hand Creams	18,980	4,090	.01	*	22	18,480	3,890	.01	*	21	2.7	5.2	1.7	2.0
Hand & Body Lotions	188,250	64,930	.16	.04	34	168,680	56,810	.16	.03	34	11.6	14.3	7.5	2.6
Lipstick	465,120	19,530	.05	.01	4	440,450	18,020	.05	.01	4	5.6	8.4	8.2	13.6
Liquid Facial Cleansers	90,990	24,990	.06	.02	27	82,940	22,410	.06	.01	27	9.7	11.5	7.6	8.1
Loose Face Powder	2,610	80	*	*	3	3,360	110	*	*	3	-22.3	-24.6	-18.8	-21.7
Makeup Bases	90,100	4,070	.01	*	5	83,850	3,740	.01	*	4	7.4	8.8	4.2	5.6
Cake	7,430	360	*	*	5	7,360	350	*	*	5	1.0	1.8	-7.5	-10.4
Lotion	60,170	2,750	.01	*	5	55,000	2,490	.01	*	5	9.4	10.3	6.4	9.3
Cream	22,500	960	*	*	4	21,490	900	*	*	4	4.7	7.2	3.1	3.5
Manicure Implements	96,620	46,170	.11	.03	48	86,970	41,220	.11	.03	47	11.1	12.0	8.6	8.6
Nail Enamel Removers	28,020	5,660	.01	*	20	25,780	4,940	.01	*	19	8.7	14.6	5.3	8.1
Nail Polish & Enamel	135,710	16,350	.04	.01	12	124,280	14,060	.04	.01	11	9.2	16.3	4.7	7.6
Pressed Cake Powder and Blush Makeup	113,570	5,430	.01	*	5	103,720	4,840	.01	*	5	9.5	12.1	6.4	9.7
Hair Products[38]	$ 2,384,260	$ 955,650	2.31	.53	40	$ 2,212,270	$ 874,030	2.39	.54	40	7.8	9.3	6.7	8.1
Coloring Preparations	405,520	57,130	.14	.03	14	379,660	50,070	.14	.03	13	6.8	14.1	5.2	6.7
Rinses	66,500	57,130	.14	.03	14	61,630	50,070	.14	.03	13	7.9	14.1	4.9	6.7
Tints & Dyes	339,020					318,030					6.6		5.3	
Cream Rinses	114,970	60,690	.15	.03	53	106,260	54,140	.15	.03	51	8.2	12.1	7.5	8.2
Dandruff Rinses	14,480	5,290	.01	*	37	13,070	4,710	.01	*	36	10.0	12.3	0.7	1.1
Men's Hair Dressing	95,260	44,230	.11	.03	46	89,780	39,570	.11	.02	44	6.1	11.8	4.2	3.5
Aerosol	30,240	12,640	.03	.01	42	29,130	12,120	.03	.01	42	3.8	4.3	9.3	11.1
All Other	65,020	31,590	.08	.02	49	60,650	27,450	.08	.01	45	7.2	15.1	1.9	0.4
Shampoos	846,090	468,030	1.13	.26	55	771,750	425,910	1.16	.26	55	9.6	9.9	9.5	10.5
Medicated Shampoo	207,440	97,280	.23	.06	47	190,490	89,080	.24	.06	47	8.9	9.2	10.9	9.6
Baby Shampoo	62,470	41,440	.10	.02	66	58,000	39,480	.11	.02	68	7.7	7.7	6.9	7.1
Color Shampoo	55,890	326,200	.79	.18	58	15,650	2,950	.01	*	19	4.1	5.3	8.4	9.3
All Other Shampoo	559,890	326,200	.79	.18	58	507,610	294,400	.81	.18	58	10.3	10.8	9.3	11.3
Women's Hair Sprays	220,290	96,810	.23	.05	44	223,870	98,380	.27	.06	44	-1.6	-1.6	0.4	0.4
Waveset Preparations	19,960	5,930	.01	*	30	18,260	5,400	.01	*	30	9.3	9.8	6.7	6.7
Women's Hair Dressing & Conditioners	188,970	83,830	.20	.05	44	167,820	73,920	.20	.05	44	12.6	13.4	10.8	17.3
All Other Hair Dressings	30,890	7,300	.02	*	24	27,900	6,320	.02	*	23	10.7	15.5	7.4	7.8
Bobby Pins	38,980	9,090	.02	.01	23	35,960	7,930	.02	*	22	8.4	14.6	4.1	4.5
Combs	113,230	12,350	.03	.01	11	103,600	10,910	.03	.01	11	9.3	13.2	2.8	3.1
Hair Brushes	174,850	72,410	.18	.04	41	162,350	67,230	.18	.04	41	7.7	7.7	9.4	3.9
Hair Nets	32,830	3,620	.01	*	11	31,630	3,510	.01	*	11	3.8	3.0	4.3	5.6
Home Permanent Kits, Refills	60,240	19,350	.05	.01	32	53,500	16,930	.05	.01	32	12.6	14.3	8.1	9.3
Pin Curl Clips	27,800	9,590	.02	.01	34	26,860	9,100	.02	.01	34	3.5	5.4	-3.7	-3.1
Health Aids	$ 1,309,030	$ 636,930	1.54	.35	49	$ 1,216,090	$ 586,320	1.60	.36	48	7.6	8.6	3.1	3.8
Baby Oils & Lotions	48,400	20,870	.05	.01	43	41,230	17,750	.05	.01	43	17.4	17.6	16.7	17.3
Baby Pants	91,700	16,620	.04	.01	18	86,670	15,710	.04	.01	18	5.8	5.8	2.9	5.1
Baby Powder	61,270	29,780	.07	.02	49	54,850	26,240	.07	.02	48	11.7	13.5	7.9	8.0
Cotton Swabs	48,600	26,810	.06	.01	55	42,710	23,500	.06	.01	55	13.8	14.1	12.6	12.6
First Aid Products	496,450	224,280	.54	.13	45	440,560	195,610	.53	.12	44	12.7	14.7	8.2	10.3
Adhesive Tape[39a]	54,680	29,300	.07	.02	54	53,040	27,930	.07	.02	53	3.1	4.9	4.0	4.3
Cotton Balls	53,900	18,310	.04	.01	34	48,730	16,020	.04	.01	33	10.6	14.3	6.1	8.6
All Other First Aid Cotton	24,500	10,400	.02	.01	42	22,710	9,620	.03	.01	42	7.9	8.1	4.9	6.8
Gauze Bandages	30,580	6,860	.02	*	22	28,550	6,380	.02	*	22	7.1	7.6	5.7	7.7
Adhesive Bandages[39B]	263,720	135,640	.33	.08	51	223,110	113,600	.31	.07	51	18.2	19.4	10.4	12.6
Gauze Dressings	36,310	7,300	.02	*	20	33,130	6,390	.02	*	19	9.6	14.3	3.8	5.2
First Aid Kits	32,760	16,470	.04	.01	50	31,290	15,670	.04	.01	50	4.7	5.1	12.7	12.7
Nipples & Pacifiers	17,870	7,390	.02	*	41	16,590	6,910	.02	*	42	7.7	6.9	3.8	3.8
Nursing Bottles	20,880	3,600	.01	*	17	20,130	3,350	.01	*	17	3.7	7.5	3.7	4.7
Glass	5,040	710	*	*	14	5,740	840	*	*	15	-12.2	-15.1	-18.8	-21.6
Plastic	15,840	2,890	.01	*	18	14,390	2,510	.01	*	17	10.1	15.3	16.5	17.7
Sanitary Belts	6,710	3,040	.01	*	45	7,360	3,370	.01	*	46	-8.8	-9.7	-11.7	-4.6
Sanitary Napkins	248,450	156,030	.38	.09	63	257,190	161,520	.44	.10	63	-3.4	-3.4	-6.6	-6.6
Tampons	268,700	148,510	.36	.08	55	248,800	132,360	.36	.08	53	8.0	12.2	1.7	5.3
Personal Cleanliness Items	$ 181,650	$ 45,790	.11	.03	25	$ 174,200	$ 41,700	.12	.03	24	4.3	9.8	-0.7	1.0
Bath Salts, Tablets, Oils	87,880	24,080	.06	.01	27	80,850	21,100	.06	.01	26	8.7	14.1	6.4	6.9
Bubble Bath	44,400	16,210	.04	.01	37	41,070	14,270	.04	.01	35	8.1	13.6	7.3	7.3
Other Salts, Tablets, Oils	43,480	7,870	.02	*	18	39,780	6,830	.02	*	17	9.3	15.2	5.5	6.1
Liquid Douches	24,050	7,470	.02	*	31	21,380	6,550	.02	*	31	12.5	14.1	-7.6	-8.3
Powder Douches	18,720	7,640	.02	*	41	18,810	7,730	.02	*	41	-0.5	-1.1	4.7	5.3
Talcum, Body Powder	54,280	6,600	.01	*	12	53,160	6,320	.02	*	12	2.1	4.4	-8.8	-10.3

37 Includes false lash adhesives, liners, brushes, tweezers, etc. Excludes lotions and washes.

38 Excludes products sold for professional use in beauty parlors and barber shops.

39A Plastic and fabric rolls and spools only.

39B Plastic and fabric patches, spots, strips, etc. Excludes rolls and spools.

* Less than .005%.

Spending for gm/hba, *cont.*

(add 000 to all dollar figures)

PRODUCTS	1979					1978					percentage change			
	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[1]	% of Non-food Sales	% of Total Store	% Grs.[2] to Total	Value[1] of Total Domestic Consumption	Amount Spent in Grocery Stores[1]	% of Non-food Sales	% of Total Store	% Grs.[2] to Total	From '78 to '79 Total[1]	From '78 to '79 Grs.[2]	From '77 to '78 Total[1]	From '77 to '78 Grs.[2]
Infant Feeding Formulas	$ 394,200	$ 285,240	.69	.16	72	$ 359,540	$ 258,570	.71	.16	72	9.6	10.3	19.7	26.1
Hypoallergenic Formulas[40]	80,660	51,930	.13	.03	64	74,240	46,660	.13	.03	63	8.6	11.3	26.1	35.2
Routine Infant Formulas	313,540	233,310	.56	.13	74	285,300	211,910	.58	.13	74	9.9	10.1	18.1	24.3
Oral Hygiene Products	$ 1,388,420	$ 674,110	1.63	.38	49	$ 1,269,150	$ 606,570	1.66	.37	48	9.4	11.1	11.2	0.7
Denture Adhesives	74,060	24,480	.06	.01	33	68,640	21,530	.06	.01	31	7.9	13.7	11.2	12.8
Denture Cleansers	108,940	43,970	.11	.02	40	102,390	38,200	.10	.02	37	6.4	15.1	12.8	14.4
Mouthwashes, Gargles	337,560	151,790	.37	.08	45	307,430	137,120	.37	.08	45	9.8	10.7	13.2	12.7
Tooth Brushes (Non-elec)	150,350	45,380	.11	.03	30	136,310	38,920	.11	.02	29	10.3	16.6	19.6	22.8
Tooth Paste	714,160	407,260	.98	.23	57	651,010	369,560	1.01	.23	57	9.7	10.2	8.5	8.5
Tooth Powder	3,350	1,230	*	*	37	3,370	1,240	*	*	37	-0.7	-1.1	7.6	8.5
Packaged Medications	$ 4,056,680	$ 1,188,500	2.87	.66	29	$ 3,596,370	$ 1,025,720	2.81	.63	29	12.8	15.9	10.2	12.8
Acne Preparations	127,090	20,790	.05	.01	16	116,810	18,510	.05	.01	16	8.8	12.3	11.7	14.3
Antacid Liquids	69,660	26,550	.06	.01	38	64,860	24,310	.07	.01	37	7.4	9.2	4.7	5.0
Antacid Powders	4,680	1,940	*	*	41	4,610	1,910	.01	*	41	1.6	1.6	5.7	5.9
Antacid Tablets, Pills, Gums, Lozenges	69,460	33,950	.08	.02	49	64,610	30,260	.08	.02	47	7.5	12.2	9.3	9.6
Antacids effervescent	122,290	56,880	.14	.03	47	110,270	49,720	.14	.03	45	10.9	14.4	5.7	5.7
Analgesics, internal[41]	925,110	401,890	.97	.22	43	805,860	345,480	.94	.21	43	14.8	16.3	16.0	17.2
Regular strength	333,010	139,590	.34	.08	42	302,460	124,520	.34	.07	41	10.1	12.1	9.0	9.4
Extra strength	392,830	186,210	.45	.10	47	333,470	157,270	.43	.10	47	17.8	18.4	22.5	23.5
Pediatric	49,780	20,240	.05	.01	41	45,380	17,820	.05	.01	39	9.7	13.6	12.3	11.5
Arthritic	46,320	14,150	.03	.01	31	38,760	11,870	.03	.01	31	14.5	19.2	13.3	18.1
Menstrual	26,660	11,270	.03	.01	42	22,920	9,620	.03	.01	42	16.3	17.1	21.0	24.5
Sinus	76,510	30,430	.07	.01	40	62,870	24,380	.07	.01	39	21.7	24.8	22.7	22.7
External Analgesic Salves, Ointments, Balms	102,180	24,400	.06	.01	24	95,580	21,330	.06	.01	22	6.9	14.4	3.7	3.7
Cold Tablets, Capsules	291,640	106,300	.26	.06	27	347,510	90,780	.25	.06	26	12.7	17.1	16.7	18.9
Diarrhea Remedies	68,720	32,860	.08	.02	48	62,870	29,820	.08	.02	47	9.3	10.2	3.6	3.6
Nose Drops	8,010	860	*	*	11	7,850	840	*	*	11	2.1	2.7	-13.6	-12.7
Nasal Sprays	96,610	11,020	.03	.01	11	86,720	9,540	.03	.01	11	11.4	15.5	7.3	7.0
Cough Drops, Lozenges, Troches	201,750	42,970	.10	.02	21	179,750	36,620	.10	.02	20	12.2	17.3	10.6	11.5
Cough Drops	122,190	38,080	.09	.02	31	107,090	32,190	.09	.02	30	14.1	18.3	13.7	12.2
Lozenges, Troches	79,560	4,890	.01	*	6	72,660	4,430	.01	*	6	9.5	10.4	6.4	6.4
Cough Syrups, Elixirs, Expectorants	302,760	57,940	.14	.03	19	263,040	48,850	.13	.03	19	15.1	18.6	13.8	20.2
Cough & Cold Salves Ointments[42]	38,430	13,250	.03	.01	34	35,320	12,030	.03	.01	34	8.8	10.1	3.6	4.0
All Other Cough and Cold Items[43]	142,810	10,210	.02	.01	7	129,010	8,990	.02	.01	7	10.7	13.6	8.4	8.4
Hemorrhoidal Suppositories	59,580	14,490	.04	.01	24	54,860	12,910	.04	.01	24	8.6	12.2	2.7	3.6
Hemorrhoidal Ointments	40,690	10,390	.03	.01	26	35,570	8,890	.02	.01	25	14.4	16.9	4.6	6.1
Laxative Tablets, Pills, Gums	95,490	28,190	.07	.02	30	88,990	25,370	.07	.02	29	7.3	11.1	4.4	6.7
Lip Protectors	22,060	5,840	.01	*	26	20,930	5,540	.02	*	26	5.4	5.4	3.9	5.7
Milk of Magnesia Liquids	39,030	12,580	.03	.01	32	35,970	11,590	.03	.01	32	8.5	8.5	6.0	6.0
Mineral Oil	13,170	7,710	.02	*	24	12,260	6,610	.02	*	22	7.4	16.7	3.6	5.8
Mineral Oil Emulsions	18,950					17,260					9.6		4.2	
Saline Preparations	10,180	1,190	*	*	12	10,080	1,180	*	*	12	1.0	1.1	-4.6	-4.4
Bulk Type Laxatives	68,450	7,770	.02	*	11	61,830	6,920	.02	*	11	10.7	12.3	7.1	7.9
Stool Softeners	78,670	5,300	.01	*	7	69,930	4,590	.01	*	7	12.5	15.5	8.2	11.4
Other Liquid Laxatives	26,800	5,740	.01	*	21	24,880	5,320	.01	*	21	7.7	7.9	8.2	8.2
Milk of Magnesia Tablets	8,670	4,300	.01	*	50	8,470	4,200	.01	*	50	2.4	2.4	-1.6	-1.1
Suntan Lotions and Oils	131,460	20,390	.05	.01	16	116,440	17,490	.05	.01	15	12.9	16.6	9.1	14.7
Vitamins, Tonics[44]	597,280	192,130	.46	.11	32	521,640	162,550	.44	.10	31	14.5	18.2	5.8	11.2
Eye lotions, washes	65,310	25,300	.06	.01	39	57,490	21,190	.06	.01	37	13.6	19.4	11.7	15.8
Contact lens solutions	109,690	5,370	.01	*	5	85,100	2,380	.01	*	3	28.9	125.6	N.A.	N.A.
Shaving Products	$ 1,206,560	$ 474,000	1.14	.26	39	$ 1,107,900	$ 425,290	1.16	.26	38	8.9	11.5	11.3	12.8
After Shave Lotions	199,660	62,730	.15	.03	31	181,340	54,690	.15	.03	30	10.1	14.7	6.6	8.4
Men's Talcum	2,470	580	*	*	23	2,590	620	*	*	24	-4.8	-6.3	-3.6	-3.6
Pre-Shave Products	22,750	9,120	.02	*	40	20,370	8,010	.02	.01	39	11.7	13.9	2.1	2.2
Razor Blades	539,030	303,100	.73	.17	56	498,410	273,360	.75	.17	55	8.1	10.9	17.7	16.2
Disposable razor-blade combinations	82,500	43,020	.10	.02	52	54,310	28,230	.08	.02	52	51.9	52.4	N.A.	N.A.
All other blades	456,530	260,080	.63	.15	57	444,100	245,130	.67	.15	55	2.8	6.1	N.A.	N.A.
Razors	41,130	16,750	.04	.01	41	40,680	16,580	.05	.01	41	1.1	1.0	0.7	0.7
Shaving Cream	170,040	64,880	.16	.04	38	156,210	57,980	.16	.04	37	8.9	11.9	5.9	7.7
Brushless	4,260	960	*	*	23	4,480	1,010	*	*	23	-4.8	-5.2	-9.1	-12.5
Aerosol	164,440	63,690	.15	.04	39	150,040	56,660	.15	.03	38	9.6	12.4	6.7	8.4
Lather	1,340	230	*	*	17	1,690	310	*	*	18	-20.7	-25.3	-18.4	-21.3
Shaving Soaps & Sticks	4,290	1,310	*	*	31	4,180	1,270	*	*	30	2.6	2.8	0.6	1.1
Men's Cologne	227,190	15,530	.04	.01	7	204,120	12,780	.03	.01	6	11.3	21.5	9.1	12.4
Personal Deodorants and Antiperspirants	$ 555,780	$ 259,680	.63	.14	47	$ 523,500	$ 245,230	.67	.15	47	6.2	5.9	1.6	0.1
Creams	26,020	10,400	.03	.01	40	24,390	9,750	.03	.01	40	6.7	6.7	4.8	4.9
Squeeze Container Sprays	4,130	1,830	*	*	44	4,060	1,800	*	*	44	1.7	1.7	-3.7	-3.7
Liquids	4,950	190	*	*	4	5,090	200	*	*	4	-2.8	-2.8	-3.4	-4.2
Sticks	22,010	8,230	.02	*	37	18,910	6,900	.02	*	36	16.4	19.3	20.0	19.0
Roll-on Types	216,720	81,980	.20	.05	38	183,970	67,090	.18	.04	36	17.8	22.2	14.5	14.5
Pads	1,110	380	*	*	34	1,080	370	*	*	34	2.8	2.8	-11.5	-12.7
Powders (excl. aerosols)	1,290	290	*	*	22	1,180	260	*	*	22	9.0	12.1	7.3	8.2
Feminine Sprays	12,140	5,980	.01	*	49	13,890	6,840	.02	*	50	-12.6	-13.9	-9.8	-9.8
All Other Aerosol (incl. powder)	267,410	150,400	.36	.08	56	270,930	151,920	.42	.09	56	-1.3	-1.0	-6.0	-5.0
Other Health & Beauty Aids	$ 3,829,110	$ 1,860,040	4.49	1.03	49	$ 3,502,150	$ 1,520,400	4.15	.94	42	9.3	22.3	3.8	11.0
Prescriptions	**$ 11,381,350**	**$ 887,000**	**2.14**	**.49**	**8**	**$ 10,346,680**	**$ 800,680**	**2.19**	**.49**	**8**	**10.0**	**10.8**	**7.9**	**9.7**

40 Includes soy isolate formulas.

41 Includes non-aspirin compounds.

42 Excludes analgesics.

43 Includes antihistamines, room decongestants, inhaler tubes and other inhalants.

44 Total consumption excludes doctor's prescriptions and sales at equivalent retail prices to hospitals.

N.A. Not available

* Less than .005%

What consumers spend for other general merchandise

(add 000 to all dollar figures)

PRODUCTS	1979 Value[1] of Total Domestic Consumption	1979 Amount Spent in Grocery Stores[2]	1979 % of Non-food Sales	1979 % of Total Store	1979 % Gro.[3] to Total	1978 Value[1] of Total Domestic Consumption	1978 Amount Spent in Grocery Stores[2]	1978 % of Non-food Sales	1978 % of Total Store	1978 % Gro.[3] to Total	percentage change From '78 to '79 Total[3]	percentage change From '78 to '79 Gro.[3]	percentage change From '77 to '78 Total[3]	percentage change From '77 to '78 Gro.[3]
Disposable Cigarette Lighters	$ 175,020	$ 50,450	.12	.03	29	$ 159,980	$ 41,660	.11	.03	26	9.4	21.1	16.3	25.7
Flashlights & Batteries	$ 958,030	$ 307,940	.74	.17	32	$ 859,950	$ 254,470	.70	.16	30	11.4	21.0	8.4	11.4
Flashlights	174,510	17,000	.04	.01	10	158,500	14,620	.04	.01	9	10.1	16.3	9.3	10.1
Batteries (general purpose, heavy duty, and alkaline)	783,520	290,940	.70	.16	37	701,450	239,850	.66	.15	34	11.7	21.3	8.2	11.5
Garden Seed Packets[45]	$ 112,560	$ 57,070	.14	.03	51	$ 103,080	$ 53,640	.15	.03	52	9.2	6.4	6.4	6.4
Greeting Cards	$2,138,170	$ 79,540	.19	.04	4	$1,985,530	$ 72,910	.20	.04	4	7.7	9.1	6.6	15.4
Household Glassware[46]	$ 724,680	$ 106,360	.26	.06	15	$ 622,390	$ 95,750	.26	.06	15	16.4	11.1	7.6	8.2
Beverageware	282,950	45,860	.11	.03	16	246,260	41,770	.11	.03	17	14.9	9.8	8.4	9.2
Food Prep Glassware	258,380	36,030	.09	.02	14	215,860	31,770	.09	.02	15	19.7	13.4	5.8	7.1
Tableware	89,620	19,690	.05	.01	22	80,090	17,930	.05	.01	22	11.9	9.8	7.1	7.7
Ornamental & Novelty Glassware	93,730	4,780	.01	*	5	80,180	4,280	.01	*	5	16.9	11.7	10.7	8.8
Housewares, Other[47]	nd	$ 2,125,240	5.13	1.18	nd	nd	$ 1,865,880	5.10	1.15	nd	nd	13.9	nd	12.6
Magazines[48] **& Newspapers**[49]	$5,127,010	$ 783,920	1.89	.44	15	$4,614,590	$ 696,200	1.90	.43	15	11.1	12.6	9.2	11.1
Comics, Children's Magazines, Color Books	263,120	537,920	1.30	.30	36	239,850	474,810	1.30	.29	35	9.7	13.3	8.8	9.4
Other Magazines[50]	1,219,700					1,098,830					11.0		13.6	
Grocery Store Distributed[50A] Magazines	130,320	117,330	.28	.06	90	116,250	105,320	.28	.06	91	12.1	11.4	16.0	15.0
Newspapers	2,390,680	27,550	.07	.02	1	2,145,950	25,300	.07	.02	1	11.4	8.9	5.2	6.8
Paper Back Books	1,123,190	101,120	.24	.06	9	1,013,710	90,770	.25	.06	9	10.8	11.4	12.8	17.3
Motor Oil & Additives[50B]	$ 986,320	$ 185,820	.45	.10	19	$ 878,230	$ 121,140	.33	.08	14	12.3	53.4	12.3	18.1
Motor Oil	852,080	163,800	.40	.09	19	754,050	105,880	.29	.07	14	13.0	54.7	12.2	17.5
Motor Oil Additives	134,240	22,020	.05	.01	16	124,180	15,260	.04	.01	12	8.1	44.3	13.1	22.8
Pet Accessories[51]	$1,389,100	$ 438,870	1.06	.24	32	$1,233,150	$ 378,850	1.04	.23	31	12.6	15.8	8.8	12.4
Cat Litter	187,670	135,230	.33	.07	72	163,330	113,450	.31	.07	69	14.9	19.2	4.0	17.6
Other Pet Accessories	1,201,430	303,640	.73	.17	25	1,069,820	265,400	.73	.16	25	12.3	14.4	9.6	10.3
Grooming Aids	48,250	9,510	.02	.01	20	44,390	8,690	.03	.01	20	8.7	9.4	7.9	9.8
Flea Collars, etc.	214,660	135,490	.33	.07	63	188,960	117,920	.32	.07	62	13.6	14.9	5.5	6.9
All other Accessories[51]	938,520	158,640	.38	.09	17	836,470	138,790	.38	.08	17	12.2	14.3	10.6	13.4
Phonograh Records	$1,479,710	$ 143,680	.35	.08	10	$1,345,160	$ 129,210	.35	.08	10	10.0	11.2	5.2	8.7
Photo Film & Processing[51A]	$3,389,520	$ 409,570	.99	.23	12	$3,314,720	$ 353,420	.97	.22	11	2.3	15.9	8.4	16.2
Film[51A]	1,134,030	280,690	.68	.16	25	1,027,200	236,470	.65	.15	23	10.4	18.7	6.8	14.7
Processing	2,255,490	128,880	.31	.07	6	2,287,520	116,950	.32	.07	5	-1.4	10.2	13.3	18.2
Photo Flash Bulbs & Cubes	$ 622,290	$ 78,240	.19	.04	13	$ 568,300	$ 67,920	.19	.04	12	9.5	15.2	4.4	7.9
Shoe Laces (replacements)[52]	$ 39,720	$ 23,180	.06	.01	58	$ 36,680	$ 21,830	.06	.01	60	8.3	6.2	6.2	4.4
Stationery	$ 465,830	$ 97,230	.23	.06	21	$ 429,310	$ 86,640	.24	.05	20	8.5	12.2	2.1	3.9
Packaged Paper, Envelopes	63,910	18,980	.05	.01	30	60,290	17,210	.05	.01	29	6.0	10.3	0.6	4.9
Writing Tablets,Pads	206,520	50,770	.12	.03	25	178,190	43,620	.12	.02	25	15.9	16.4	2.9	5.1
Notebooks	68,160	13,880	.03	.01	20	64,850	12,320	.03	.01	19	5.1	12.7	7.1	7.4
Looseleaf Fillers	127,240	13,600	.03	.01	11	125,980	13,490	.04	.01	11	1.0	0.8	-0.8	-0.5
Sunglasses	$ 621,750	$ 44,040	.11	.02	7	$ 558,120	$ 36,950	.10	.02	7	11.4	19.2	9.1	14.4
Toys[53]	$5,442,800	$ 136,070	.33	.08	3	$4,970,070	$ 116,300	.32	.07	2	9.5	17.0	8.8	12.7
Vacuum Bottles,Jugs	$ 245,070	$ 30,970	.07	.02	13	$ 223,830	$ 27,670	.08	.02	12	9.5	11.9	6.2	8.6
Vacuum Bottles	162,800	17,800	.04	.01	11	150,180	16,150	.05	.01	11	8.4	10.2	5.5	5.5
Insulated Jugs	82,270	13,170	.03	.01	16	73,650	11,520	.03	.01	16	11.7	14.3	7.7	13.2
Women's Hosiery	$2,475,530	$ 466,770	1.13	.26	19	$2,269,480	$ 424,300	1.16	.26	19	9.1	10.0	7.9	9.2
Panty Hose	2,289,980	456,190	1.10	.25	20	2,085,590	413,970	1.13	.25	20	9.8	10.2	8.6	9.4
Stockings	185,550	10,580	.03	.01	6	183,890	10,330	.03	.01	6	0.9	2.4	0.8	1.7
Men's Hosiery	$ 885,080	$ 27,900	.07	.02	3	$ 806,080	$ 24,320	.07	.01	3	9.8	14.7	5.3	10.6
Men's, Boys' Underwear	nd	$ 53,470	.13	.03	nd	nd	$ 42,200	.12	.03	nd	nd	26.7	nd	40.2
Writing Implements	$ 557,770	62,980	.15	.04	11	$ 518,530	$ 55,590	.15	.03	11	9.5	13.3	6.6	6.8
Ballpoint & Fountain Pens	240,530	30,220	.07	.02	13	220,870	27,080	.07	.02	12	8.9	11.6	6.2	7.7
Ballpoint Refills	39,780	3,610	.01	*	9	37,040	3,280	.01	*	9	7.4	10.1	5.4	7.2
Broad Tip Markers	52,000	4,320	.01	*	8	46,640	3,770	.01	*	8	11.5	14.6	3.6	5.8
Fine Line Porous Pens	171,190	21,860	.05	.01	13	152,710	18,720	.05	.01	12	12.1	16.8	5.7	4.9
Woodcased Pencils	64,270	2,970	.01	*	5	61,270	2,740	.01	*	5	4.9	8.4	14.1	12.3
General Merchandise n.e.c.[54]	nd	$ 5,273,330	12.74	2.94	nd	nd	$ 4,436,470	12.13	2.73	nd	nd	18.9	nd	8.7
Total Other General Merchandise[54A]	nd	$ 10,982,640	26.54	6.12	nd	nd	$ 9,403,320	25.71	5.78	nd	nd	16.8	nd	10.5
Total General Merchandise[55]	nd	$ 18,644,200	45.04	10.38	nd	nd	$ 16,133,120	44.11	9.92	nd	nd	15.6	nd	10.3
Grand Total	nd	$179,717,000	...	100.00	nd	nd	$162,640,000	...	100.00	nd	nd	10.5	nd	9.8

[45] Flower and vegetable seeds. Packets only.

[46] Machine-made only.

[47] Excludes machine-made glassware shown above.

[48] Newsstand sales of weekly and monthly periodicals, digest size books, children's books, children's color books, pocket-size fiction.

[49] Spending for newspapers, in all outlets, includes newsstand sales plus home deliveries and mail subscription.

[50] Excludes magazines distributed primarily in grocery stores.

[50A] Magazines distributed "primarily" through grocery stores.

[50B] For non-commercial vehicles only.

[51] Excludes pet foods (listed under grocery products) but includes treats, leashes, cages, trays, and other pet accessories not listed.

[51A] Excludes movie film.

[52] Dress, work, and athletic shoes and boots. For replacement only.

[53] Excludes sporting goods and apparatus.

[54] Not classified elsewhere.

[54A] Excludes HBA and Prescriptions.

[55] Includes prescriptions and other health and beauty aids.

nd—No data available

*Less than .005%.

Supermarket Business

Grocery Execs Focus On The Highs and Lows Of 24 Key Departments

Imported, Super Premium, Generic Beers Gain As Grocers Pull Out All Merchandising Stops

by Roberta Walton, field editor

HOLSTEN
LAGER
Budweiser

"BEER TASTINGS" are taking hold in some markets as consumers increasingly turn to imported and super premium brands. Some retailers fear that mid-range beer sales will suffer as a result of this trend.

NEW YORK CITY—Imports, super premiums and generics are the biggest growth spots in the beer section these days.

Their rapid sales increase during the past year (nearly 10 percent for imports alone), has some grocers settling on vertical merchandising strategy by beer type. Imports and generics get their own space and signing in some stores adjusting to market shifts.

Further, generic popularity has been enhanced by introduction of light varieties.

Many retailers agree that these developments may lead to loss of consumer and retailer interest in mid-range beers.

Other trends uncovered by SUPERMARKET BUSINESS show 12-packs as the leading growth units in many markets and sales of bottled beer improving nationwide, though cans continue to outsell bottles.

In a series of interviews with buyers and merchandisers from 14 chains, SB found grocers taking advantage of this attention getting department by stocking more beer cold, using special displays, redoing schematics and taking advantage of distributor allowances to promote sales—up to a weekly frequency.

Customers Upgraded

Both the high-end beers and low-priced generics are stealing the show nationwide. The U.S. Brewers Association reports a 9½ percent increase in imported beer sales from May '79-'80. (Sales figures on generics were not available.)

Imports and super premiums, with their greater profit potential and advertising support, have store managers devoting more attention to "upgrading" customers from popular beers.

Ways in which upgrading occurs include giving imports and premiums their own display case. At Smith's Management Corp. (Salt Lake City), a recent venture into vertical merchandising groups all imports together in one section and other beers by "type."

Said Pete Cowan, sales and merchandising director for the chain, "Up until we established this approach, imports were 'lost' in the department. Sales are definitely up since we did this, and we're planning to go into a signing program for all types."

When Smith's went into the vertical set-up, it doubled import space. Cowan said his store makes a strong commitment to the super premium and import category, since consumers demand those brands.

A similar approach is contemplated at Circle K Corp. (Phoenix). Vice president of merchandising and advertising Robert Stahl said, "Imports have come into their own. We've given distributors a set amount of space to work with for the time being. But, we may give imports their own cooler door."

Two Southern chains segregate imports in new or remodeled stores, while a California-based chain is responding to a growing consumer taste for imports and high-priced premiums.

The liquor buyer for this company said that there's a movement by customers in his area to treat higher-priced beer in a class with wine. "I'm noticing that imported beer parties and 'beer tastings' are really taking hold out here," he said.

His department now devotes 11 percent of beer shelf space to imports. "Currently, there's no way to anticipate which beers will sell, but we're watching it very closely," commented the buyer.

Another major chain based in the West has youthful affluents as its big markets for imports. The liquor buyer explained that imports took 1½ percent of beer sales last year and this year leaped to three percent.

"Today, we have 87 authorized import brands in our stores, whereas last year we carried three," said this buyer. "We're making a commitment to our customers to satisfy their need for a high-profile beer."

More promotion and product introductions for imports will be made by this chain, which foresees a gradual fading of intermediate, popular brands.

Imports on Sale More

It is precisely to save popular beer sales while still upgrading that Jewel Companies Inc. (Chicago) is merchandising super premiums and high-priced imports together with regular beer in combo sales.

Al Siller, buyer and merchandiser for Jewel, explained, "We have a combination sale twice a month. Budweiser may go on special with Michelob. The sales last two weeks."

Under the program a super premium or import may be on 20 percent discount and the regular beer at 30-35 percent savings. Both types are tied into the same display at the front end of an aisle. One such display featured 50 cases of popular beer and 10 cases of premium.

A key buy program of a midwestern chain puts imports on reduced sales 25 percent of the time. Usually "name" brands like Bud and Schlitz are promoted here, but imports will get more attention in the future.

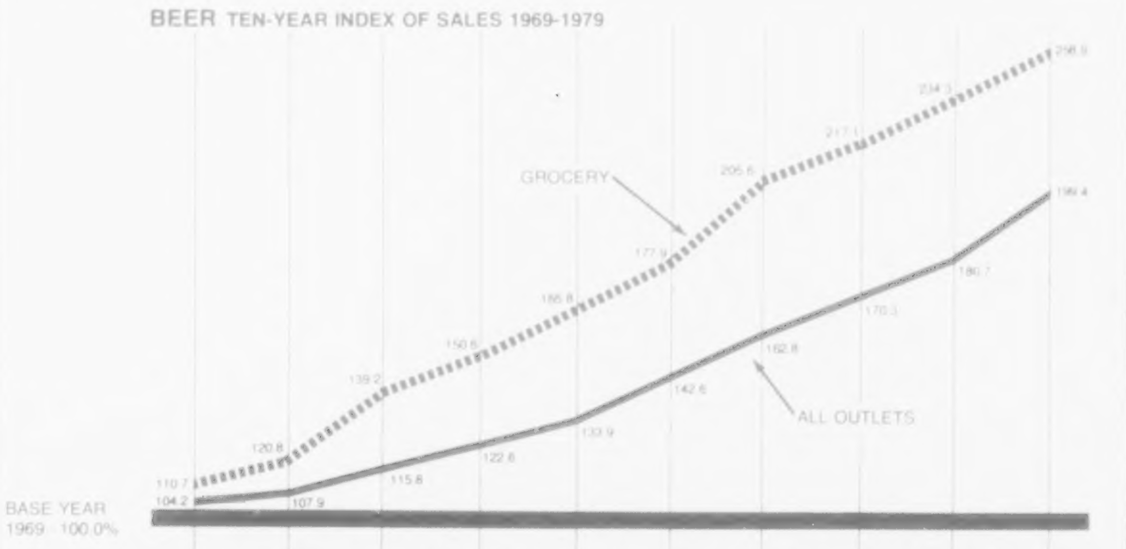
Particular growth in imports exists in Canadian and Mexican labels. An independent research firm doing studies for the U.S. Brewers Association reports that Canadian beers jumped 30.6 percent in sales, while 39.5 percent sales growth was reported by Mexican breweries in '79-'80.

Robert S. Weinberg, president of R.S. Weinberg & Associates (St. Louis), the firm following these findings with interest, said, "As the relative price of beer stabilizes, the demand for super premiums increases. It's part of the cycle of 'conspicuous consumption' where status beers become important to certain buyers."

His company discovered recently that low-income beer consumers tend to entertain with super premiums and imports, but drink popular brands most of the time. Weinberg predicts that "special event" entertainment-related promotions (such as those Lowenbrau and Michelob currently have) will take hold in future among other super premium and import brands.

Weinberg charted a 24.7 percent in-

■ *Continued on page 66*



(Add 000)	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
ALL OUTLETS	$6,837,600	$7,084,560	$7,597,100	$8,048,390	$8,786,670	$9,356,420	$10,683,530	$11,173,570	$11,862,420	$13,088,920
GROCERY	$3,461,570	$3,775,680	$4,352,780	$4,707,470	$5,182,920	$5,561,270	$ 6,428,830	$ 6,788,840	$ 7,325,160	$ 8,994,380

BEER SALES IN SUPERMARKETS rose 10.5 percent last year, according to SUPERMARKET BUSINESS' 33rd annual Consumer Expenditures Study. Supermarkets' 1979 beer sales amounted to $8.094 billion compared to 1978 sales of $7.325 billion. Grocery store sales accounted for 62 percent of the retail market, and 92 percent of all off-premises beer sales in 1979.

12-Pack Beer Sales Up, Some Retailers Report

■ *Continued from page 64*

crease in light beer sales from '78-'79. Adding to 1980's figures tallied at the end of this year will undoubtedly be the new generic lights. A leading south central chain has realized 40 percent of its overall beer sales in light beer, with up to 45 percent generic sales in light. Super premiums, like Coors, ring up 35 percent of brand sales in light. A chain spokesman noted that more young people drink light brands, and, in stores catering to youthful populations, his chain's stores will promote heavily in lights.

At this company, as with most others reached on the subject, generics are floor-piled—not sold refrigerated—due to their low margin. "We're literally selling thousands of generic cases a week," said the merchandiser for this chain.

Dave Jakubs, direct delivery coordinator for Fisher Foods (Bedford Heights, Ohio), related his company's past success with generics and future prediction of growth in generic light sales. His chain started with generic regular beer and worked out the bugs before moving into a light variety. "We're merchandising generics with our Heritage House private label in our summer picnic display. Generics have *added* customers," said Jakubs.

Two full aisles of generic products are common among Smith's Management stores, and generic beer will soon be added to the supply in a low-calories variety. Pete Cowan stated that regular, low-priced beer sales have been affected by generics, which nonetheless increased overall sales in his department.

A Western chain is giving special treatment to generics, as it does imports, and foresees that lower, intermediate brands will lose sales as a result.

Other evidence shows this to be a possibility. Where generics aren't carried, low-priced beers are doing very well. Tom Smith, executive vice president of Food Town Stores, Inc. (Salisbury, N.C.), said, "Customers in our stores will switch brands due to price. We're displaying a lot of low-end beer."

Several chain executives expressed confusion over whether generics should be supported, precisely because they fear the product will take away market share from higher margin beers."

One vice president for a major super's midwestern division said, "We think generics are defeatist. It's hard to sell them as a legitimate product."

Bigger Is Better

Seven of the 14 supermarkets queried for this article reported that 12-pack beer sales had either the highest rate of growth among all packs or had in fact taken over the lead in terms of volume.

At Jewel, 12-packs in popular beer may be low-priced beer's hedge against the growing popularity of imports. Buyer-merchandiser Al Siller said, "Growth of economy 12-packs will help move popular-priced beer and may hurt import sales where prices are skyrocketing." Siller believes a worsening economy may add to 12-pack popularity, since such packages mean a small savings to buyers.

A California chain buyer says that slowly eliminating six-packs in favor of 12-packs is a good idea. "Our twelves outsell sixes. I've been emphasizing twelves for a year and trading up customers," said this spokesman.

Smith's Management likes the stable-stacking 12-pack. "We stock these two high and three deep in coolers. Customers are spending more and that helps our transactions," said Pete Cowan.

The throw-away 12-pack bottle does best at Fisher Foods. The chain has found grouping beer by size, as a result, is successful in making 12-pack selection easier for customers.

Larger size individual bottles and cans are also doing well in some stores.

"Quite a few of our vendors went out of stock by not anticipating the reception 16-ounce would get," said a Southeast chain buyer. Since taking on 16-ounce beer in January, that size has become the leading one in sales at that chain.

The choice of cans over bottles seems prevalent at most chains contacted. One reported a 4:1 ratio of cans to bottles. But individual states' bottle and can laws, as well as the season of year (safe outdoor recreation in summer favors cans) will influence consumer selection. So will national vendor advertising that features bottles.

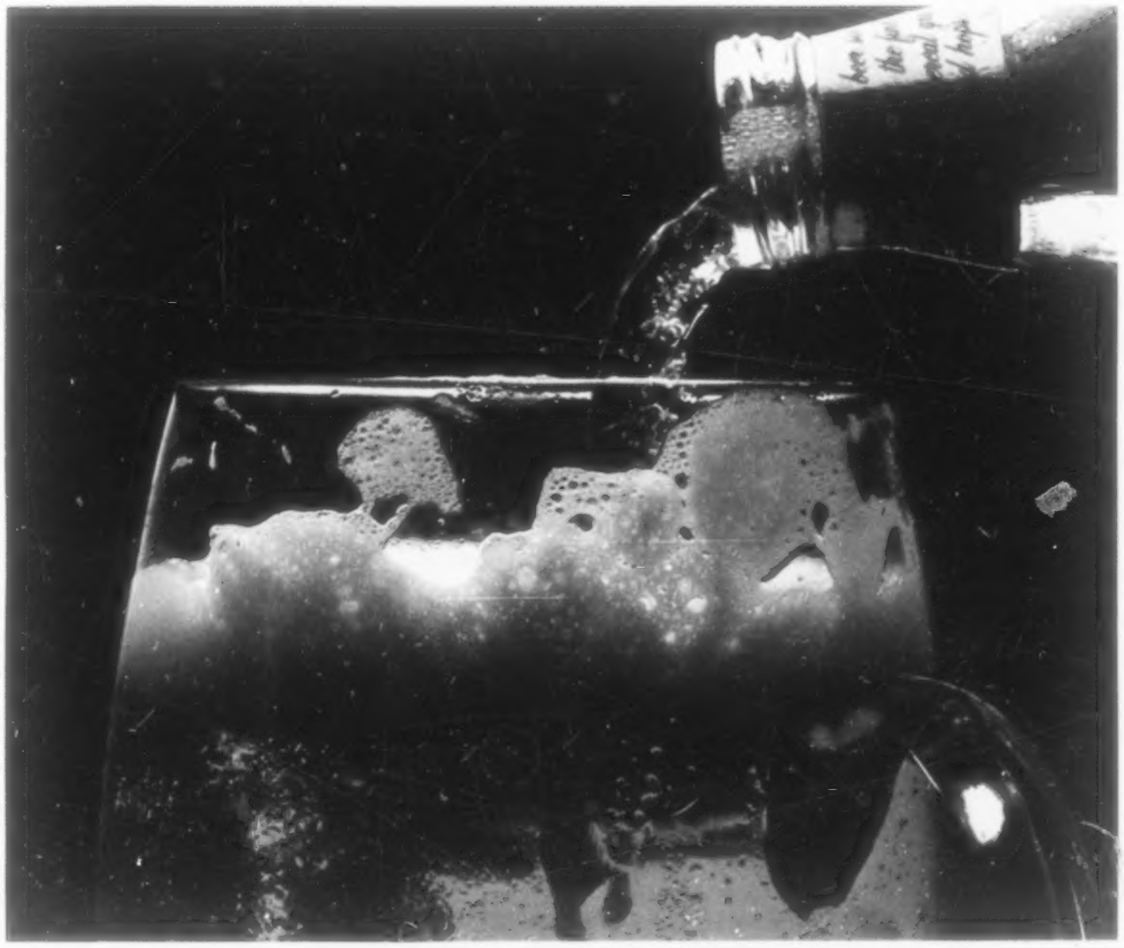
The U.S. Brewers Association reported that in 1978, 59 percent of beer sold was in cans. In 1979, that figure dropped to 57 percent.

Display Stresses Cooler

Positioning of beer varies widely store to store, depending on whether retailers see it as a drawing card or an impulse item. But buyers agree that beer is best stocked cold to take advantage of sales.

At Circle K, where beer is viewed as a planned purchase, it is generally stocked in the rear of the chain's average 2,500 square-foot convenience store. A 10-to-15 door cooler box devotes three of its last-in-line doors to beer. Explained Robert Stahl, "We do such a volume in beer through our convenience stores that we like to expose our customers to other refrigerated items like dairy, soft drinks, sandwiches and lunch meats."

■ *Continued on next page*



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For more information,* contact Charles A. Whipple, Director National Retail Sales, Miller Brewing Company, 3939 West Highland Boulevard, Milwaukee, Wisconsin 53208.

Miller

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Wine Gets More Supermarket Space As Sales Show Steady Growth; Imports' Popularity High

by Roberta Walton, field editor

NEW YORK CITY–Table wine distribution and total wine sales through all outlets are steadily increasing as imports gain in popularity.

The Wine Institute reports a comparison of sales figures for the first three months of 1978 and '80, revealing an increase of 13.6 percent in total wine volume and 14.75 percent in import sales.

For the supermarket retailer, this means big volume potential in a buying public whose taste for wine is maturing.

In interviews with 10 major chain buyers and four wine vendors, SUPERMARKET BUSINESS learned of:

- moves to expand wine selection in price or brand;
- plans to feature more imports and premiums;
- retailer ventures into chilled wine;
- various store displays by brand, region, type—sometimes in a separate department;
- trends toward higher three-liter sales with 1.5 liter a favorite in popular wine and 750 milliliter a close second in premium and varietal sales.

Selection Expanded

Growth of selection in the wine category is reflected at retailer and vendor levels. Of those retailers carrying wine in states where legal, more are citing an interest in increasing import brands, premiums and varieties.

A West Coast chain buyer observed that premium wines are attracting more buyers while popular-priced wine is losing some attention.

The buyer said the introduction of generic and private label wine at his stores may have had a negative effect on popular wine sales. However, the stronger competition for populars seems to be coming from the higher-priced brands.

"Boutique wines from Northern California vineyards are coming up strong. I discontinued 102 wines to integrate a like number of boutique types," the buyer said.

His thoughts were echoed by another western chain buyer, who said he would like to increase customer exposure to California premium wines, ideally 36 feet.

Similarly, at Smith's Management Corp. (Salt Lake City), director of sales and merchandising Pete Cowan observed that premiums and imports are growing. "People want to go to a better grade," Cowan explained. His chain sells Blue Nun, Mateus and Paul Masson in quantity.

The cold wine section introduced in new stores by Fisher Foods (Bedford Heights, Ohio), may be expanded by two to three more shelves. The stores currently have warm wine in 24 feet on four shelves and cold wine on one three-foot cooler shelf.

David Jakubs, Fisher Foods' direct delivery coordinator, explained: "We'd include a larger selection of price range in basically the same brands." Jakubs wants to give more space to fast movers in his stores. The latter include Riunite Lambrusco, Taylor and Inglenook.

Wine display space is increasing at Food Town Stores (Salisbury, N.C.), where California Cellars, Taylor and Gallo are doing well. This store reports a doubling of wine sales in 10 years.

Food Town's executive vice president, Tom Smith, said his chain may increase selection. Currently an average 12 feet of wine is featured in 20,000-square-foot stores. "Sales are definitely up," he said.

In several stores of Circle K Corp. (Phoenix), separate wine and liquor departments are being created. The convenience store chain plans to double the space devoted to liquor and wine in an end wall and several gondolas. The store has also enlarged its wine variety. Gallo and Italian Swiss Colony are featured at most branches.

New Types from Vendors

Recent additions to super wine cellars run the gamut from inexpensive to exclusive. Varietals and "boxed and bagged" wine are among the developments at major wine vendors gearing efforts to supermarket retailers.

The consumer quest for quality influences vendors as well. Taylor Wine Spectrum just introduced Taylor California Cellars varietals in six types to answer customers' urge to "trade up." The types include Chardonnay, Cabernet Sauvignon (also in a blanc variety), Chenin Blanc, Zinfandel and Riesling.

A Taylor spokesman explained: "We have a strong campaign to promote these in supers in large bin displays. It's a high quality product we feel shoppers are looking for."

Almaden Vineyards also believes its future lies in supermarkets, especially in California, since Fair Trade was abolished last year. Resulting heavy discounting has encouraged wine purchase in that state.

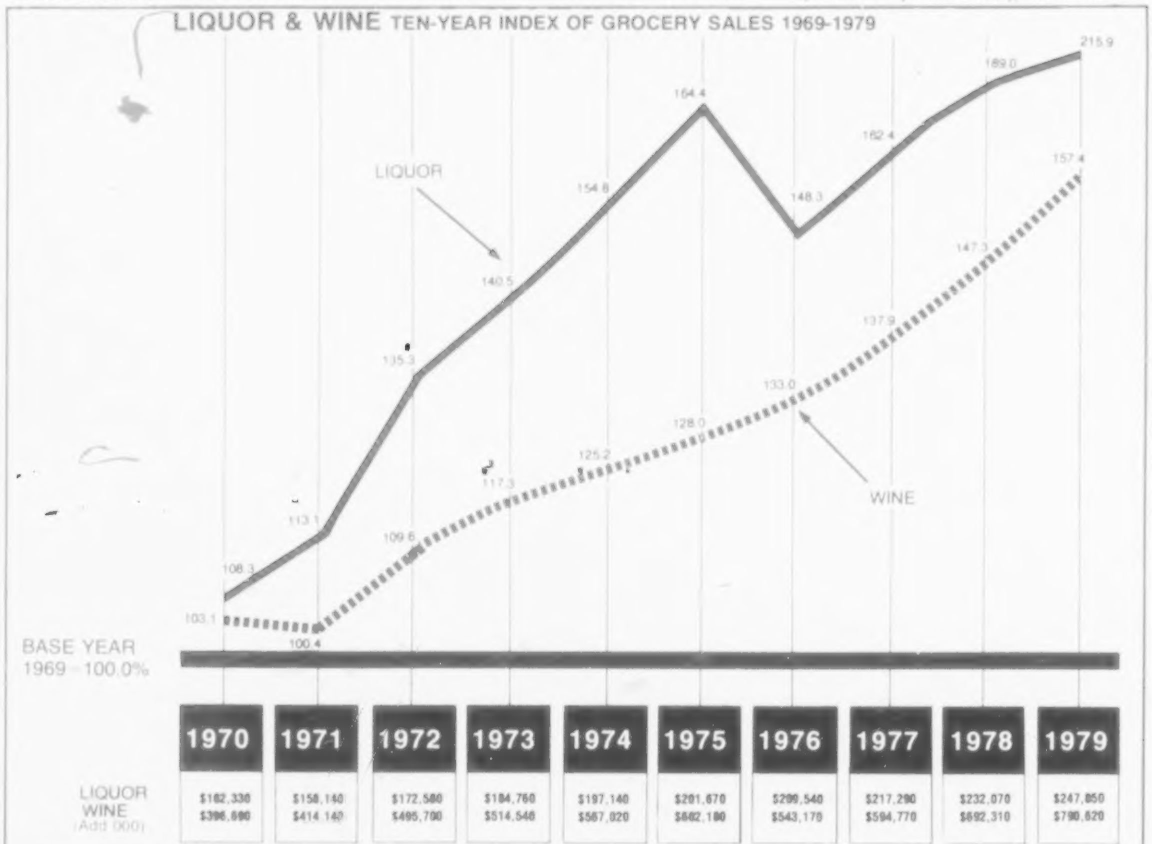
The company launched a program in "B and B"—boxed and bagged—wine a year ago. A marketing representative for the company said the packaging consists of an inner plastic bag surrounded by a cardboard-type container.

Benefits of the product for consumers include easy pouring from a spout, insulation for keeping cold and prevention of harmful oxidation as the plastic sac depresses with use.

"We view this as a cut-case, floor stack operation. B and B merchandises better than bottles, taking up less linear shelf space," explained a spokesman. Sales have been strong in Seattle, Denver, Chicago and Dallas. The company plans further consumer research.

Almaden's Le Domaine label carries the product in the four liter "wine cask" and 1.5 liter bottles.

In the wine category, retailers and vendors agree that display is all-important to product image and sales. ■



SUPERMARKET SALES OF LIQUOR AND WINE in 1979 showed increases over 1978 figures, with wine sales rising 14.2 percent and liquor sales 6.8 percent, according to SUPERMARKET BUSINESS' 33rd annual Consumer Expenditures Study. Supermarket wine sales brought in $790.6 million in 1979 compared to $692.3 million in 1978. Liquor sales accounted for $247.9 million in 1979. Grocery stores were responsible for 30 percent of all wines last year, one percentage point more than 1978. Supermarket liquor sales remain at two percent of total domestic sales.

Focus: Beer

■ *Continued from preceding page*

Similarly, at Fisher Foods, where an average 28 feet of shelving displays warm beer, and three shelves totaling six-to-eight feet have cold beer, a move is under way to expand cooled products.

"In new or remodeled stores of 50,000 square feet, we may double cold beer sections," said Jakubs. He mentioned that the expansion would be done to attract convenience business that usually goes to "Mom and Pop" operations.

The decision as to what brands are sold cold depends, retailers say, on a beer's share of market. Everywhere, space-to-sales programs are in force and since refrigerated space is costly to operate, *type* of space (warm or cold) as well as amount, is tied into sales revenue.

Schematics are re-evaluated from once to four times a year, chains report.

Beer Visibility Is Up

While some stores do not plan space increases for beer, almost all will increase product visibility by using more displays at end of aisle and featuring weekly-to-monthly sale items.

Food Town will not give more shelf space to beer, but displays are always shown at the end of an aisle.

In-store displays take up several ends at Hy-Vee. In addition, the chain has a Springtime Party the first week of May, highlighting beer, soft drinks and cook-out products. Bernard Frazier, assistant director of purchasing, said, "Beer is sometimes sold in other areas of the store, apart from the beverage section. We believe in cross-merchandising." ■

Disposable Diapers Will Dominate Baby Market As Retailers Add Generic Labels and New Styles

by Maxine Jaffe,
contributing editor

COMPTON, Calif.—Disposable diapers will outstrip every other baby product in sales in the 1980's, if major supermarket chain buyers interviewed by SUPERMARKET BUSINESS are correct in their estimates.

The potential of this market is "unlimited," according to buyers from eight major chains. This sales increase is not limited to national brands, but extends to private label and generic versions of disposable diapers.

Other trends reported include:

- Strong sales of elastic-leg diapers in all brands;
- Development of convenience packs of diapers in private label and generic brands;
- Reallocation of shelf space, more for diapers, less for baby foods;
- Increasing sales of infant formula, due primarily to better understanding by consumers of ready-to-feed;
- Growing popularity of glass bottle juices;
- Slow movement of junior baby foods, attributed to growing consumer use of food processors.

Indicative of the diaper sales potential is the experience of Ralphs Grocery Co (Compton, Calif.), which has seen sales in the category jump from $5 million to $7 million in just two years.

Most major chains, buyers said, have been expanding their disposable diaper lines. Within the past three years, they have added private label and/or generic versions to the national brands they carry. They have also added stretch-leg to the standard style. Many chains are also converting smaller counts of disposables to larger counts.

"People are buying more convenience packs or economy sizes now," said Frank Strainer, buyer for Fisher Foods (Bedford Heights, Ohio). "With the growth of this category of merchandise, we just had to go into a private label, in addition to national brands. And we are definitely increasing shelf space for the disposables."

Diaper sales have been growing at a rate over 16 percent yearly for Dillon Companies (Hutchinson, Kan.). Consequently, space has been increased to a 20-foot section at the chain's 58 stores, and there is still "lots of potential" for the category, said Cliff Lillie, buyer/merchandiser.

Dillon has offered a private label brand of disposables for at least five years, and it "moves very well, better than the national brands," Lillie said.

At Ralphs, diaper and formula volume is higher in terms of both dollars and cases. In acknowledging this fact, noted Rick Kester, vice president/grocery division, the supermarket chain has "streamlined" its diaper lines.

"Because our basic volume is in the overnight and toddler sizes, we decided to drop the newborn size in one line and the daytime size in another," he explained. "With the larger capacity of national brands selling extremely well, our generic version, with reduced paper weight and a lower price, is also doing very well."

This generic diaper line offers a $1.50 difference in price per 60-count from the national brands. Ralphs also has been selling a private-label brand for three years. That brand has also experienced a substantial increase in sales.

The convenience pack size is a major reason why disposable diapers are strong sellers for The Stop & Shop Supermarket Co. The 147-store chain has added many diaper items in the past year-and-a-half, reacting to the category's growth.

In June of 1979, it introduced three sizes of Procter & Gamble's "Luvs." One month later it announced offering of Pampers' toddler-size diapers in convenience packs of 48-count. This followed an April 1979 move to Pampers' extra-absorbent convenience pack of 60-count.

In July of last year, the chain added Kimberly-Clark's Huggies in four sizes. August brought conversion of smaller counts of the chain's "Our Own" disposable diapers to larger counts. Finally, in June of 1980, a 90-count convenience pack of Pampers' newborn size was offered.

Shelf space at Stop & Shop stores has increased out of necessity; with all disposable diapers selling well. Although still working on 16 linear feet in smaller stores, the chain, wanting to take advantage of the booming market, is looking to allocation of 28 to 30 feet for diapers.

The large convenience packs are also "doing very well" for Publix Super Markets (Lakeland, Fla.), which has increased shelf space for the product. But moving even better are two private label diapers offered for the past year-and-a-half. They are about 25 percent cheaper than national brands.

Assisting all this movement of disposables is "plenty of promotion" from diaper manufacturers, noted Publix vice president of purchasing Linton Brunson.

While a few buyers cited the disposable diaper business as being somewhat seasonal, they indicated that they try to use this movement to bring over new customers to the disposables. The summer brings a "big boost" to H.E. Butt's diaper sales, said Frances Grey, health and beauty aids buyer. Then these customers stay with the diapers, and new customers in the fall season bring another boost in sales for this Corpus Christi, Tex., chain.

Baby Formulas Have Potential

After disposable diapers, buyers indicate that formula sales are the category with the next greatest potential. The category of baby foods and juices is one of the "stablest" in the grocery business, noted Dillon's buyer/merchandiser Ron Lyne. Yet he and other buyers see little growth for this category in the 1980's, compared to the potential for diapers and formula.

"The trend is down in baby foods," Kester of Ralphs claimed. As a result, the chain recently dropped one line of strained baby foods. "However, the news is good in formula sales," he added, "since we seem to be taking away more business from the drug stores." Allocation of space for baby products has been changed—baby foods lost four feet, while formula gained four feet.

"People are finally understanding the ready-to-feed formula versus the concentrate," he added. "Most of the growth we see is in case sales of ready-to-feed. But the baby food manufacturers need to be innovative in product development and promotion if they are to spur business to match formula potential."

Sales of formula and baby foods are up 24 percent this year for Smith's Management, according to buyer Jay Arbon. "While there's very little promotional material from manufacturers, we're still seeing a great increase in infant formula and baby food sales," he explained. "We're doing our own merchandising of the products--selling formula, for instance, by the case, as well as the unit."

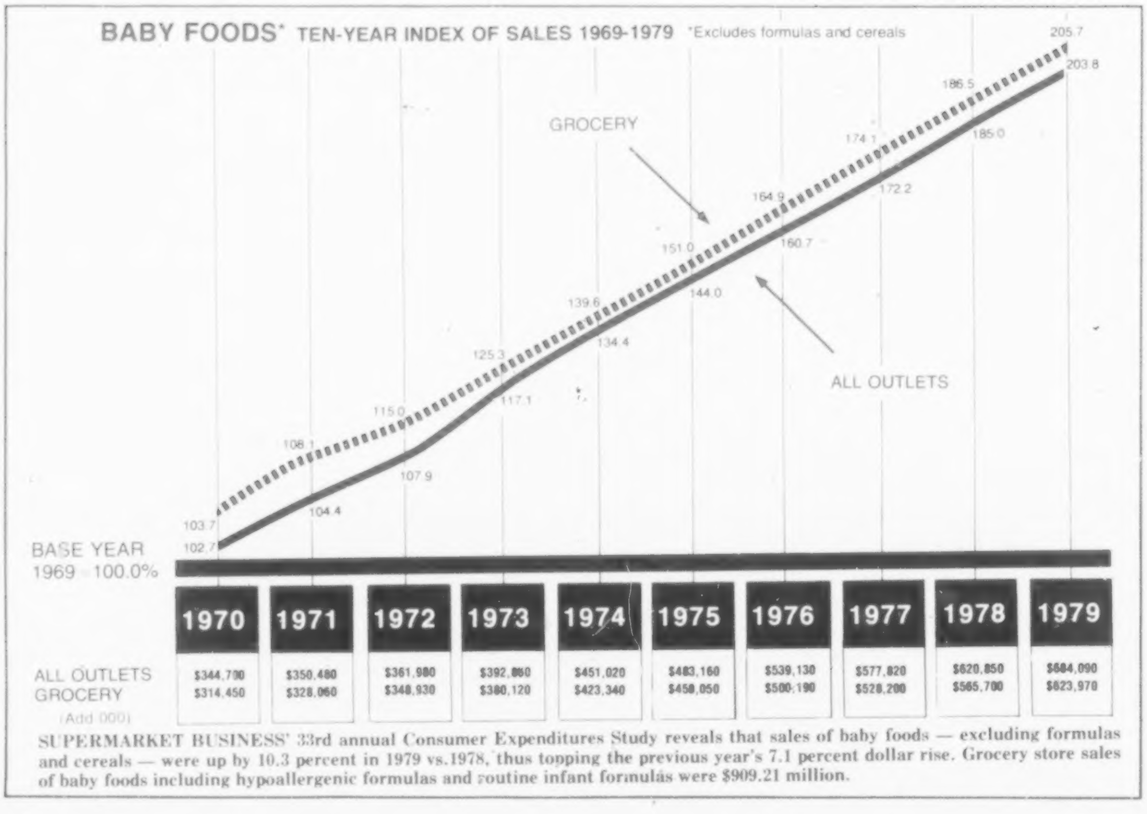
"Steals" Space for Baby Food

With a net gain of 10 baby food items this year, Lyne added, Dillon "stole" space from other items in baby sections of its stores. He agreed that glass baby juices have been doing so well, in fact, that canned juices were dropped from the stores.

"Strained foods just aren't selling," emphasized Ralphs' Kester, "despite our weekly advertising of baby products in local newspapers. The 18- to 27-year-old is a very attractive customer, and we're constantly trying to gain and keep her attention." This chain does use price promotions in feature ads to spur baby food sales.

Although it is strictly an "impulse" category, accessories—rattles, diaper pins, toys, etc.—do a sizable "extra" business for Dillon. Completely revamping the line by changing suppliers in 1978, the chain expanded items by about 10 percent and better utilized shelf space.

"Retail in this category has changed dramatically," said buyer/merchandiser Jerry Clark. "Costs are up 20 percent over the last two years. With 10 basic product suppliers in the field, we try to buy as much as we can from just one, since this saves us time and money. In fact, we received such poor service from our previous supplier that we were forced to change to another." ■


BABY FOODS* TEN-YEAR INDEX OF SALES 1969-1979 *Excludes formulas and cereals

(Add 000)	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
ALL OUTLETS	$344,700	$350,480	$361,980	$392,860	$451,020	$483,160	$539,130	$577,820	$620,850	$684,090
GROCERY	$314,450	$328,060	$348,930	$380,120	$423,340	$458,050	$500,190	$528,200	$565,700	$623,970

SUPERMARKET BUSINESS' 33rd annual Consumer Expenditures Study reveals that sales of baby foods — excluding formulas and cereals — were up by 10.3 percent in 1979 vs.1978, thus topping the previous year's 7.1 percent dollar rise. Grocery store sales of baby foods including hypoallergenic formulas and routine infant formulas were $909.21 million.

FOCUS: CANDY

Grocers Try Promotions, Front-End Displays To Weaken Resistance to Rising Candy Prices

by Anne Krueger, field editor

NEW YORK CITY—The nation's impulsive candy customers said no to their sweet tooth cravings more often this year as candy and chocolate prices climbed up to 15 percent.

Prominent store-aisle placement of more sugar-free candy and chewing gum and right-up-front displays at eye level of peg-board candies are two tacks retailers told SUPERMARKET BUSINESS they're taking in an effort to reverse the trend away from impulse buying.

The front-end checkout is one area where impulse still wins out, they said, and, as a result, many are stocking up to 90 percent of the checkout with candy bars, sugarless and regular gum, and hardroll candy and mints.

Aggressive promotions and advertising can still hike candy sales 100 percent when the price is right in some stores, while others claim price resistance makes promotion returns uncertain.

Off Brands Sell Best

Generic jelly beans have been the most notable sellers at Hy-Vee Foods, Inc. (Chariton, Iowa), according to candy buyer John Comer.

"Candy sales have dropped considerably all across the board," Comer reported. He attributes the sales decrease to candy and chocolate price hikes of nearly 15 percent.

In an effort to combat the sales decline, Hy-Vee has dropped several products, many of them containing chocolate, and is being wary about adding new products, he said.

"The generic jelly beans really seemed to catch on and sold well for awhile because of their low price," he said. "Other than that, bulk packs are the only thing that seem to get any attention." One-pound Brach pick-a-mix is the kind of bulk candy that has been selling, he said.

At a large midwestern chain, bulk candies are also being promoted heavily to combat a slight sales decrease.

"Hard candy manufacturers are coming up with promotion materials that are really the only thing that's keeping our department vital," a company spokesperson said. "With special aisle-end displays and signage, the small bulk candy packages for under $1 can be moved at a tremendous pace."

Customer price resistance is the strongest when it comes to chocolate items that traditionally sell well, he said. "Our customers, strangely enough, will spend over $1 for a triangular-shaped Swiss or German import chocolate bar but balk at the price of a bag of regular candy bars. They seem to be looking for quality."

Still, it's the multiple packs that are selling chocolate bars if the price is kept way down, he said, and candy bars at the checkout are still selling despite smaller sizes and higher prices.

"Anything at the checkout seems to sell," he said. "Especially sugarless gum. We've started to place sugarless 10-packs at the checkout with great results," he said.

Bulk candy in small bags displayed on pegs are hot sellers at Schultz's Market Places (DeForest and Marshall, Wis.), said buyer Tom Schultz.

"Nothing new in the candy line has caught on real fast this year," Schultz pointed out, "but these peg displays are doing real well. The bulk candy we display on pegs is our private label and is less expensive than the national brands. They're smaller bags that sell two for $1 and that really appeals to the price-conscious shopper."

This kind of private label merchandising really gives the national candy brands a go for their money, Schultz said. Manufacturers and suppliers have really come through with promotional support to create more interest in the sagging candy department, but it's the price that shoppers seem to be looking for, he said.

Shoppers Look for Price

"We hear so many shopper remarks that indicate they really think prices are outrageous and we know several people who're just not buying because of this," he said. "We've heard them complain that these deals we offer are just bringing the price of candy back to the regular prices of a few months ago, and they're right. That's why I think they're heading for our cheaper private label multiples."

At Schultz's, candy is not getting the advertising push much these days. "If we do advertise a candy item, it will be the small fun-size candy bars that will get the push," Schultz said. With aggressive advertising and in-store promotion plus discount, sales of the feature can still jump 100 percent, he claimed.

At a large New Jersey-based chain, the candy buyer is not so optimistic about candy promotion results.

The chain traditionally puts on a month-long candy promotion each year where sales can jump as much as 50 percent on all candy items. "With this candy price increase," the buyer said, "it's too hard to tell what the promotion results will be."

At this chain's East Coast stores, traditional chocolate items still sell best, but there has been no resistance to less expensive compound chocolate items.

Compton's four supermarkets (Nashville) aren't advertising candy at all, said buyer Mike Compton.

"We consider candy to be an impulse item and therefore don't advertise," he said. "It's not considered as a drawing card for our stores and only gets a mention at Christmas, Halloween or other holidays."

Novelty and holiday bulk candy is in the most demand at Compton's, he said, as well as smaller packages with a lower price tag.

Very little candy advertising is also done at B&L Supermarket (Houma, La.), manager Dan Boquet reported.

"Our theory is it's ridiculous to try to compete with the Woolcos and those kind of stores who sell their candy for almost nothing. We display our candy in a position where customers have to pass it and that does well enough," he said.

When candy and gum are advertised, it's during a holiday season: Easter, Halloween, etc., he said, and mass displays are built in-store.

Because of chocolate's skyrocketing prices, candy bars and chocolate candies aren't hot sellers, Boquet said, and shoppers seem to be turning to bag candy. "Chocolate sales are holding on, but certainly aren't hot because it's really expensive these days," he said.

"Bubble gum is our real big seller," he continued. "We just can't seem to keep enough of it in stock. We only sell individual packages at the checkout and it really goes." Sugarless gum in individual packages also sells well. The store features no ten-packs of gum. "We tried it once and it didn't set the world on fire," Boquet explained.

Ten-packs of chewing gum are displayed at the checkout at Harold's Super Markets (Vincennes, Ind.), according to manager Rollie Helmling, and are selling well along with the checkouts' traditional offerings.

In fact, Helmling's entire candy department sales are not suffering too much because of higher prices, he said. "We do find that customers are more price-conscious and will buy a sale candy item instead of their usual purchase."

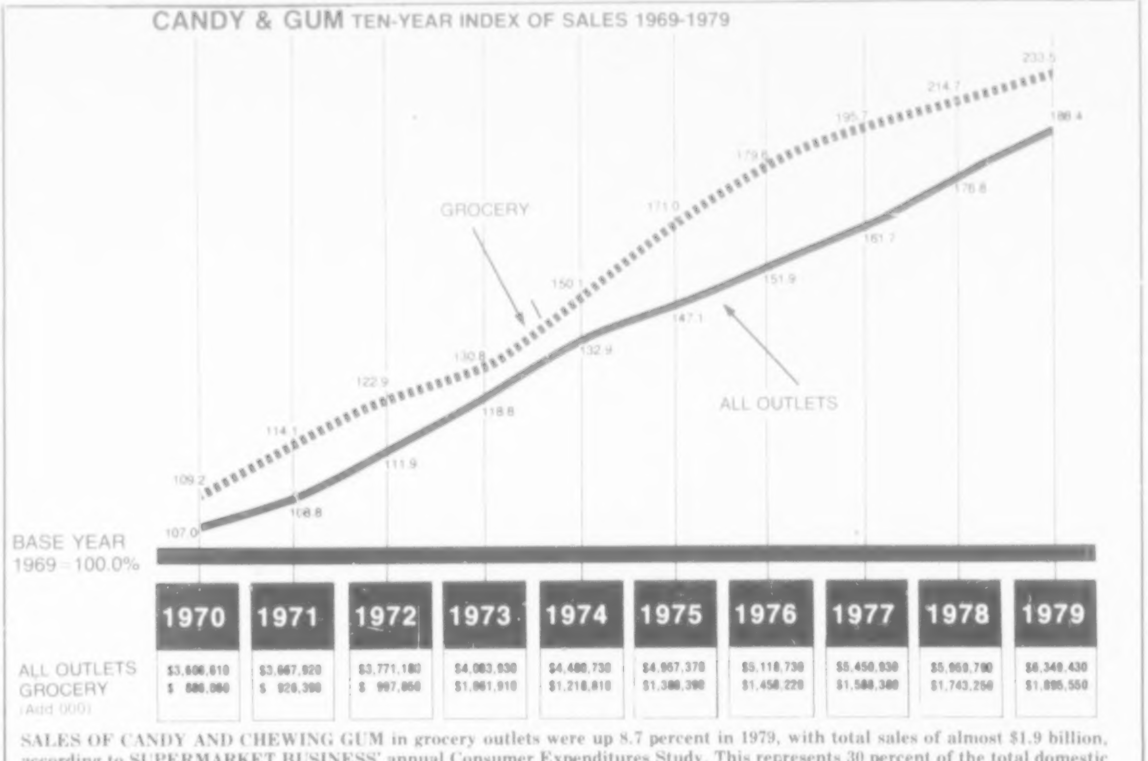
"Pegboard-style merchandising has helped our candy sales a lot," he told SB. "This gets the bags right up in front of the customer at eye level instead of lying down flat. It's more convenient for them to reach up and take it. Also, packages on the pegs are usually smaller with a lower price tag than bigger packages that need to be displayed elsewhere," he explained.

At Harold's, sugarless candy is moving well, as well as carob-coated candies which have been introduced within the past few years.

Cross-merchandising candy with other supermarket items has helped Harold's hike sales, Helmling said. "We sold a tremendous amount of Sunkist Fruit Gems when we merchandised them in our produce department. It was an in and out offer and sold extremely well," he said.

At Schultz's, candy is cross-merchandised with powdered drink mixes, like Kool-Aid, Schultz reported. "We often feature non-chocolate candies with the drinks as a sort of summertime treat and it sells well."

One manufacturer, Mars, also has a deal where customers get a half gallon of milk when they send in for a refund from a three-pack Twix or Summit purchase, he said. "Customers like that." ■



	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
ALL OUTLETS	$3,606,610	$3,667,920	$3,771,180	$4,003,930	$4,480,730	$4,967,370	$5,118,730	$5,450,930	$5,960,780	$6,349,430
GROCERY (Add 000)	$ 886,060	$ 926,390	$ 997,850	$1,061,910	$1,218,810	$1,388,390	$1,450,220	$1,588,380	$1,743,250	$1,895,550

SALES OF CANDY AND CHEWING GUM in grocery outlets were up 8.7 percent in 1979, with total sales of almost $1.9 billion, according to SUPERMARKET BUSINESS' annual Consumer Expenditures Study. This represents 30 percent of the total domestic consumption, one percentage point higher than '78. Biggest gainers were again bulk candy (with $255.1 million in sales, a 14.2 percent rate of increase) and chewing gum (with $247.2 million in sales and a 9.1 percent rate of increase).

Retailers Lure Customers Into Their Bakeries; Aroma, Image of Freshly Baked Can't Be Beat

by Peggy Odenbach, associate editor

NEW YORK CITY—Sales have been booming in supermarket bakeries over the past year, with increases of as much as 30 percent being reported by some chains across the country.

Retailers attribute the climbing sales to their vigorous efforts to entice customers into their bakeries. Their methods range from announcements of specials in the bakery over the public merchandising freshly baked goods with produce, meat and even dairy products.

This was the picture painted for SUPERMARKET BUSINESS by almost a dozen chains operating over 1200 stores and 400-plus bakeries.

These findings also emerged:

■ Most bakery operators foresee further sales increases in the next year. Some say as much as 18 percent. And many retailers are planning more and larger bakeries in new and remodelled stores.

■ Retailers are calling attention to the bakery departments in a variety of creative ways. Sampling, holiday decorations and cross-merchandising have almost become standard procedures for many chains. Retailers emphatically agree that these methods are sure-fire ways to spur sales.

■ Advertising also still plays a big role in attracting customers to the bakery. Increases of as much as 50 percent have been reported on sales of bakery specials after advertising.

■ Bakery merchandisers are continually adding more variety and expanding their line of baked goods. New items such as pina colada cake, variety muffins, and character cakes are just a few of the new and exciting ideas retailers are using to get a competitive edge.

■ Bakery operators are getting around inflation by cutting down on labor, improving product mix and raising prices—but not substantially. All, however, emphasized that they would never resort to lower quality ingredients.

■ Consumers are still willing to pay for quality despite price increases, although there is some trading down going on due to the economy, retailers told SB.

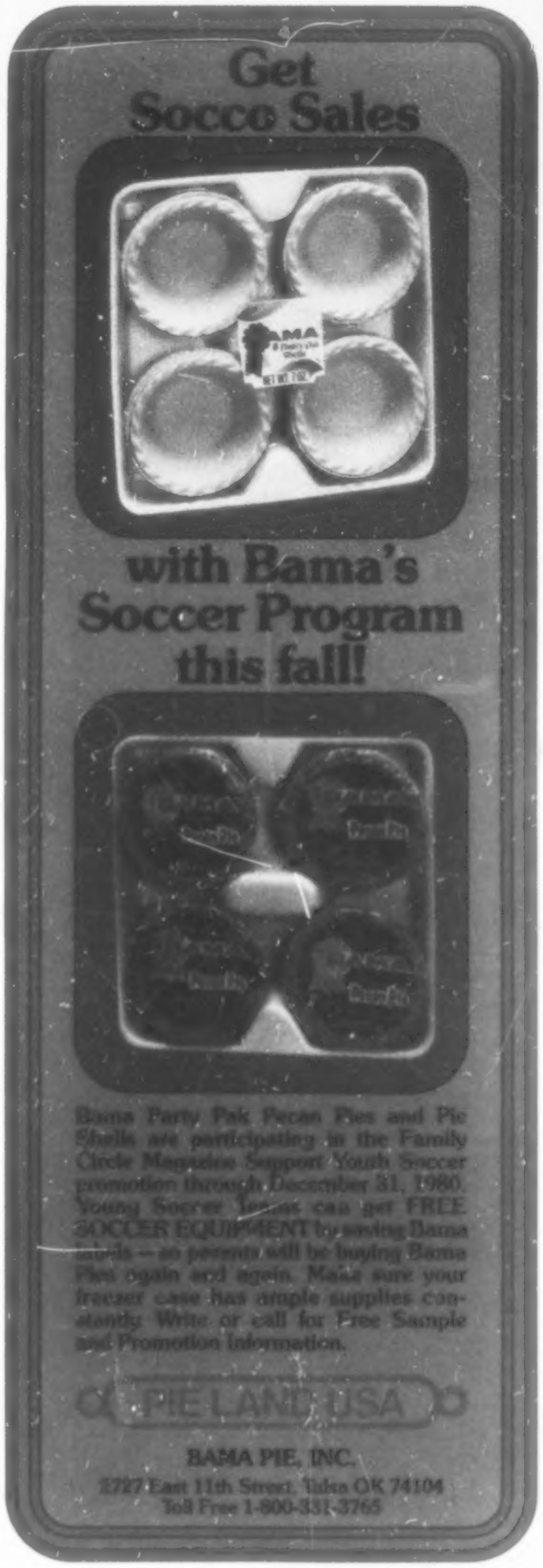
■ Health and nutrition-conscious consumers are getting a little more attention these days. Some chains offer low sodium and low sugar baked goods and others are beginning to redesign their labels to include calories.

■ Opinions are still mixed, however, on which method of baking (scratch, scratch and mix, bake-off, or central facility) is the best, that is, which adds the most to the bottom line. Many say a combination of the above is ideal.

Future Is Bright

"Sales have increased substantially over the past year," said Jay Higgens, director of bakery marketing, H.E. Butt Grocery Co. (Corpus Christi, Tex.). "We have a rapid expansion program. We've added 15 bakeries to our stores over the past year and plan

BAKERY MERCHANDISERS ARE Adding more variety and expanding their lines of baked goods.



Bama Party Pak Pecan Pies and Pie Shells are participating in the Family Circle Magazine Support Youth Soccer promotion through December 31, 1980. Young Soccer Teams can get FREE SOCCER EQUIPMENT by saving Bama labels—so parents will be buying Bama Pies again and again. Make sure your freezer case has ample supplies constantly. Write or call for Free Sample and Promotion Information.

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2727 East 11th Street, Tulsa OK 74104
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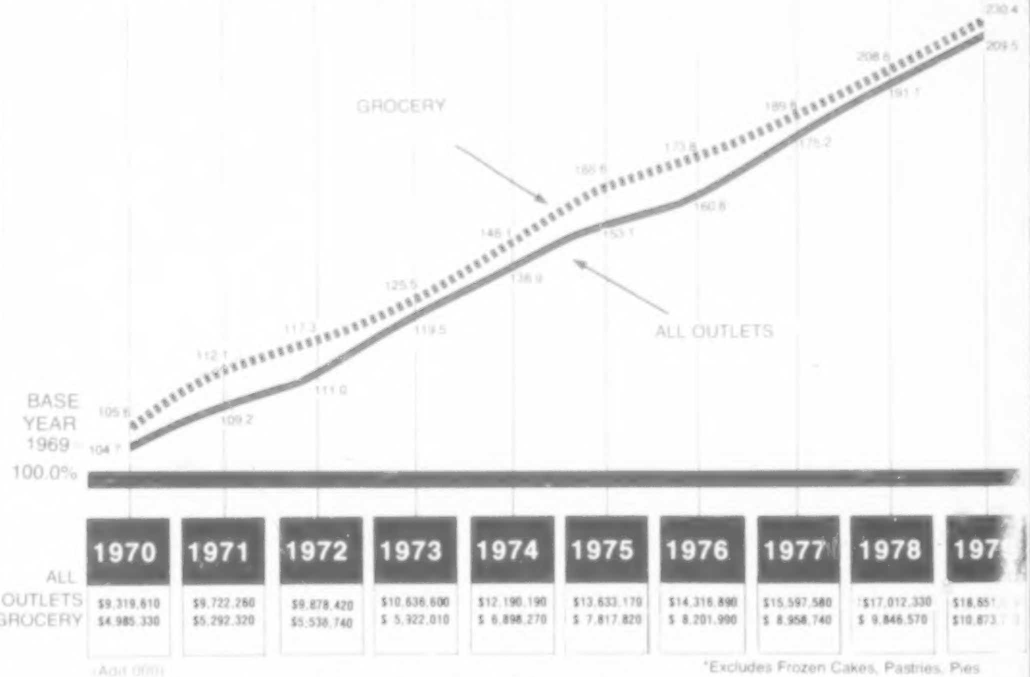
BAKED GOODS* TEN-YEAR INDEX OF SALES 1969-1979



*Excludes Frozen Cakes, Pastries, Pies

IN 1979 CONSUMERS SPENT $10.874 billion on baked goods in grocery stores, compared to $9.847 billion in 1978. This, according to SUPERMARKET BUSINESS' 33rd annual Consumer Expenditures Study, represents a jump in dollar sales of 10.4 percent. Bread and rolls, as in previous years, showed the biggest sales with $5.691 billion spent in grocery stores--an 11.7 jump over last year. Within this category white bread dollar sales rose 11.2 percent and other breads showed a 14.3 percent gain. On sweet goods in 1979, consumers spent $9.14 billion in grocery stores with $5.15 billion spent on cakes and other pastry.

to build an additional 50 over the next year," Higgens told SB.

Presently, 50 of 150 H.E. Butt stores have bakeries. "Bakeries are imperative to have a complete store," Higgens said.

The most significant sales increase has been seen in Publix Super Markets' bakeries (Lakeland, Fla.), however. One hundred and thirty-one of 240 Publix stores have in-store bakeries, which have experienced sales increases of as much as 30 percent over the past year, according to G. Succow, baked goods buyer.

Succow foresees continuing rapid growth also. Publix bakeries, which capture between four and five percent of the total store sales, have an average 70 percent gross margin. The average size bakery is 3200 square foot and the average store size is 36,000 square feet.

A 20 to 22 percent sales increase in Tom Thumb Super Markets bakeries (Dallas, Tex.) has delighted vice president, deli/bakery merchandiser Carroll Brown. And, he hopes for another 18 percent increase over the next year.

The average size bakery in 34 of 40 Tom Thumb stores runs about 1,000 square feet with a gross margin between 40 and 55 percent.

On the wholesale level, Spartan Stores (Grand Rapids, Mich.) have seen a 15 to 18 percent increase over the past year in bakeries also, said Mike Faulkner, bakery merchandiser. Spartan's 450 stores have 85 bakeries, which bring in about three percent of total store sales, and a 60 percent gross markup, Faulkner said.

> *"People are fascinated with the art of baking. Our production area is visible. People can see the goods being freshly baked."*

Centre Supermarkets (Toledo, Ohio), a small chain of eight stores, had a six percent increase in bakery sales over the past year, according to Rick Braunreuther, director of in-store bakeries. He foresees another four percent increase in the coming year.

Braunreuther claims a 73 percent gross profit in his six bakeries, which capture almost four percent of total store sales.

And, growth has been good and very consistent for one Midwest chain operating 107 stores. According to a company spokesman, in-store bakeries increased about 20 percent over last year. "We're getting better at merchandising in-store bakeries—better quality and consistency," he said.

One third of this chain's stores have in-store bakeries with more on the way, said the chain store exec. And in new and remodelled stores, bakeries will be larger, he said.

Customers Lured Into Bakery

The freshly baked image that only in-store bakeries can project not only attracts customers to the store, but increases sales of baked goods tremendously, retailers agree.

What else gets customers to buy? Aggressive promotions, sampling, special features and creative merchandising.

Sampling and holiday decorations are standard procedure with most of the chains SB spoke with.

"We have specially trained personnel to do our sampling," Publix' Succow said. And, they "absolutely" increase sales, he added. "They can sell to nine out of ten people."

Tom Thumb bakeries have self-service trays, however, and Brown believes sales increase 15 to 25 percent with sampling.

And, self-service trays of coffee cake and hot bread, fresh out of the oven, do well for Great Scott bakeries (Detroit), said Philip Grennan buyer/merchandiser.

P.A. Announcements Effective

Centre Supermarkets get customers into their bakeries with enticing announcements over the public address system. "'Stop by our bakery and see banana cream pie being made with fresh bananas from the produce department,' is one announcement we once made," said Braunreuther.

"Our production area is visible. People can see the goods being freshly made," he added.

Cake-decorating demonstration booths have become a popular tool to attract customer attention, retailers, told SB.

"People are fascinated with the art of baking," Braunreuther said. "We have a decorating booth which is quite a big attention-getter," he said, "especially for the little kids."

Creative promotions also lure customers into the bakery department. For example, Marsh bakeries were particularly successful with a French bread promotion, said Robie.

The long French bread was available in special bags on a display along with customer information on how to freeze and re-freshen bread to keep it an extra day, nutrition and recipes.

The promotion was so successful, the stores kept it on, Robie said.

And at Centre bakeries, salesgirls wear buttons that say "Ask about our cake of the month," Braunreuther told SB. "We also have related posters and p-o-p featuring, for example the pina colada cake (which is very popular around the country) or the pink lemonade cake of the month," he added.

Tie-Ins Very Popular

Cross-merchandising baked goods with the meat, produce and even dairy departments may be an old concept but new tie-ins are being tried by retailers all the time.

Innovative tie-ins, such as bagels in the dairy department with the cream cheese and French and Italian bread with spaghetti sauce can be found in Centre Supermarkets.

In Tom Thumb stores customers are asked in the dairy department, "Have you topped your apple pie with cheese lately." Hinky Dinky Super Markets (Omaha, Neb.) tie in cookies with milk, and Publix cross-merchandises rye bread with cheese and coffee cake with peaches.

Hoagie rolls in the Cleveland chain can be found near the kielbasa and angel food cake with strawberries. In fact, strawberries are the most popularly used item for cross-merchandising. Across the country customers can find shortcake, pound cake, dessert shells, lady fingers, etc. all tied in with strawberries in the produce department.

Also very common is kaiser, onion, hot dog and hamburger rolls, as well as variety breads and some "breakfasty" baked goods, tied in with stores that have delis.

CAKE-DECORATING DEMONSTRATION BOOTHS have become a popular tool to attract customer attention, retailers told SB.

The majority of the supermarket execs SB spoke with advertise three to five bakery specials at least once a week in newspapers and in-store circulars.

There are mixed opinions, however, on the effectiveness of advertising on sales.

Many told SB that they have never been without advertising and can't really tell whether sales increase or not.

Advertised Specials Hike Sales

Hinky Dinky's Klaus Buehring, vice president of bakery operations, however, said sales increase pretty substantially after advertising—at least five to one on regularly priced items and 10 to one on specials.

Buehring cited this example: "We normally sell about 400 walnut coffee cakes a week. With an advertised special one week, we sold 4,000 cakes."

Tom Thumb's Brown noted similar increases in his bakeries. "For example," he said, "if we sell apple pie at the regular price of $1.99, we would normally sell about 200 pies a week. When we slash the price to $1.39, we sell as many as 1500 apple pies a week."

"We usually advertise two items at regular price, two with cents-off and one special at a slashed price," Brown added.

Tom Thumb stores also have another unique way of advertising their bakery.

"One of our stores is right across the street from the Dallas Cowboys Headquarters," Brown told SB, "and for six or seven years now, we've been baking them huge sheet cakes decorated with the slogan of who they're playing that week during the football season."

"It's good publicity," he said, and "cheap advertising."

"We're very community-minded also and usually donate a cake to the PTA or try to get involved with th[illegible] neighborhood football teams, makir[illegible] cakes in the shape of their mascot su[illegible] as lions or bears," he added.

The Cleveland chain promotes only bread in its bakeries, said the company spokesman. Sales, after advertising, however, increase 50 percent, he said.

New Items Add Variety

While bread, rolls and doughnuts claim the market as the biggest volume drawers, bakers are constantly adding new and scintillating items to their line of baked goods. Many retailers are getting into the specialty cake line.

For example, H.E. Butt stores have introduced over the past year a 52-week program featuring the cake of the week. "When we promote this, we quadruple our sales," Higgens said.

Some of the exciting new items introduced this year in HEB bakeries were: heavenly hash, pistachio, lemon sunshine and pina colada cakes.

Centre Supermarkets built their business around bread—especially Italian and rye, Braunreuther said. But, he said, he is trying to build up his cake line. "We're going for the higher profit items," he said.

In the past year, Braunreuther has added a cream cake line—banana, chocolate and coconut, he said. Onion and garlic bread have also been introduced as well as seven-inch, double-layer rasberry jam and pina colada cakes.

Variety muffins such as blueberry, cranberry and pumpkin have been added to Marsh's bakery line. Their specialties are crusty European-style French bread and natural grain bread.

Publix and Tom Thumb supermarkets already have the edge on specialty cakes. At Publix, decorated and special order cakes are leading sellers along with the bagels, cupcakes, coffee cake and danish, and of course bread and rolls.

Over the past year however, Succow said that Publi[illegible]keries introduced a stolen called [illegible]eiss, Black Forest Torte, fresh [illegible]at and pina colada coffee cakes.

And in Tom Thum[illegible]ries, Brown is excited about the n[illegible]ly introduced character cak[illegible] which are baked from scratch and [illegible]orated to order.

Presently [illegible]irthday cakes bring in the biggest volume for Tom Thumb along with doughnuts, bread and rolls.

Prices Up, Labor Down

While retailers continue to expand [illegible]ir baked goods line, there is little evidence of their dropping any items. With the increased prices of sugar and other ingredients, though, how are retailers getting around inflation in their bakery departments?

By cutting labor costs, raising prices and improving operations, retailers told SB.

"It's an ongoing battle: trying to use less labor and raise prices as little as possible," said Spartan's Faulkner.

Tom Thumb's Brown said, "we're constantly having to give raises and cut hours."

Buehring of Hinky Dinky said he's trying to schedule labor closer to the traffic flow. "In other words," he said, "having no unnecessary labor when there are no customers. Metering employees to the hours they're needed most."

■ *Continued on page 81*

Samples, Demonstrations Sell Delicatessen, Also Introduce Consumers to New Products

by Lauren Radler, assistant editor

ATLANTA, Ga.—Offering samples of food, holding demonstrations on some items, going for a "quality image," and catering to specific areas—be they ethnic, residential or urban—are ways deli merchandisers are enticing deli customers into impulse buying.

So say 10 deli merchandisers who helped SUPERMARKET BUSINESS take a look at what has happened in deli over the past year.

In addition, operators cite stepped-up customer preference for hot and cold dishes, especially barbecued and fried chicken, plus shoppers' increasing desire for service in the deli department.

Some things never change, however, as ham continues to reign supreme over other cold cuts, and salads of all kinds remain as popular as ever. Also, customers still prefer luncheon meats sliced to order rather than presliced.

Demos Spur Sales

"We sample everything and on weekends hold demos featuring cold cuts, sausage and cheese," says John Brown, senior deli merchandiser, Family Center, Inc. (Atlanta, Ga.).

"We do it," he continues, "to generate extra sales. Everything is plus sales and extra business. Demos are very successful. They act as a form of suggested selling.

"For instance," he goes on, "if a customer puts a sample into his or her mouth, and you ask them if they'd like a half pound of it, providing they like the product, they would probably take some of the item."

Signs are also placed on top of the deli counters in all 21 stores offering customers the opportunity to sample any merchandise. "It also goes along with suggested selling," says Brown.

"If a customer orders a pound of ham, we'd ask them if they'd like a taste of our swiss cheese because it is a good item along with the ham. By offering them a taste, they get a chance to find out for themselves," he adds.

Barry L. Metz, director of bakery, deli operations, Lowe's Food Stores (Wilkesboro, N.C.), also recognizes the importance of sampling and product demonstrations, and incorporates these procedures into his 22 delis.

Demos include barbecued pork, pizza, sausage, and luncheon meats. Someone is usually hired to do the cooking and to talk about the product.

A PA system is used to advertise a forthcoming demo. For instance, if a hot bread comes out of the oven, and it is to be sampled, an announcement over the PA system will highlight it. Metz says this is very effective.

"When a customer is sampling a product, it gives you a chance to sell something to go along with it. For example, if you are sampling cheese, you can suggest hams and rolls to go along with it," he points out.

Dan Metzger, meat merchandiser, The Liberal Markets (Dayton, Ohio), operates nine delis. He notes that "sampling is a good way to promote sales. Customers taste what they want."

The chain often places trays and containers of different products on the countertop for sampling.

Pauline Burke, deli buyer, Purity Supreme, Inc. (North Billerica, Mass.), says demos are held in stores on gourmet cheeses, hot dogs, and salamis.

"It is important," explains Burke, "to have a demonstration behind a new product. It gives a customer a chance to recognize the item. Deli is a competitive field and a customer has to be attracted to the product to pick up a package of something."

Deli Image Important

The 40-store Purity Supreme chain, of which 32 stores have delis, plays up product presentations, Burke says, they're important to store image.

"Customers remember delis, so we want to have a good presentation of products. We want to achieve a lasting image," she adds.

"To make this lasting image," she explains, "the first thing is to make sure the product is wholesome and appealing. If a product looks attractive, a consumer will want to buy it."

Family Center's Brown also notes the importance of eye appeal and product presentation in the deli business. "If a product presentation isn't just about perfect," he says, "customers will buy elsewhere. We need a fullness effect to generate excitement, and we want to generate excitement so customers will go to our deli department and not our meat department to buy products."

Demographics Play Role

Taking neighborhood demographics into account is important in any deli operation, merchandisers say.

For example, Purity Supreme's Burke says, "if we opened a store in an Italian section, we would carry dried cured olives, prosciutto, imported Italian cheeses, and a greater variety of Italian cold cuts and Italian sausage."

"It is important," she explains, "to gear your store toward the ethnic neighborhood. Delis should not be thought of as a corporation. Each store should reflect the particular customers and his or her likes and dislikes as they bring in the sales."

Purity Supreme calls attention to ethnic products through signing, merchandising and circular ads.

"We are looking to create an atmosphere and if customers see that you have what they are looking for they will be attracted to the store," Burke says.

Other merchandisers interviewed also say they make it a point to cater to various ethnic areas. Dor Stecewicz, merchandiser of service delis, Bormans', Inc. (Detroit, Mich.), operates 59 delis in 84 Farmer Jack supermarkets. He also merchandises items that will sell well in particular neighborhoods.

Harris-Teeter Supermarkets, Inc. (Charlotte, N.C.), operates 35 delis out of 84 stores. That chain also caters to people in specific ethnic groups. According to Bill Mitchell, director deli/bakery, stores in a Jewish area might have more Nova Scotia smoked salmon and in an Italian area more Italian sausage.

On the other hand, Tom Friar, director of deli operations, Hy-Vee Food Stores, Inc. (Chariton, Iowa), says his chain does not have to cater to different ethnic areas.

The 138-store chain operates its 66 delis the same because it has found that the areas where the stores are are almost the same.

Lowe's Metz also notes that in his area there is only one ethnic group—and that is "the South"—so he operates his delis the same, having the same product mix in all of them.

Hot/Cold Dishes Sell

Hot and cold entrees are doing a big business at Hy-Vee Food stores. According to Friar, these dishes are more popular than the luncheon meats and cheeses.

The reason sales of the latter are not that great, says Friar, is that Hy-Vee stores are not located in industrial areas. Because of this, a lot of people do not "brown bag" it.

In addition, Hy-Vee's customers go to the meat section where they can purchase pre-sliced meats.

Hy-Vee offers barbecued ribs and fried chicken—which is the biggest item—as well as salisbury steak and roast beef.

The chain also offers gravy, mashed potatoes, and buttered vegetables to go along with the hot entrees. Twenty to 30 different kinds of salads, including coleslaw, meat salads, and kidney bean, are also available upon the asking.

The food is prepared in the open, according to Friar, because the customers like to see it being prepared. "If cooking is done in the back," he says, "the customers think you are opening cans. If they see you cooking, they know you are doing it yourself."

A basic recipe book is available at the chain's warehouse. Stores can follow these recipes, but they are also encouraged to go with any "home talent" available in the area.

For example, Friar says, if someone has a great recipe for an unusual dish, they are encouraged to try it.

Brookshire Bros., Inc. (Lufkin, Texas), also deals in hot dishes, and, according to John Elech, deli supervisor, "sales are good." Hot dishes include barbecued and fried chicken, smoked sausage, and barbecued brisket.

On the other hand, Maloley Bros. Supermarkets (Ft. Wayne, Ind.), sells mainly cold dishes and has a lot of success with them.

Basics Still Popular

Merchandisers interviewed by SB report that customers still are inclined to buy the basic items—ham being the most popular.

Most luncheon meats are sliced to order because, say deli merchandisers, customers prefer the service associated with them.

Says John Brown of Family Center, "people feel the deli is there to cater to the customer. If you have pre-sliced meats, then the customer is catering to you.

"Also, you already have pre-sliced meats in other departments of the store. Consumers go to the deli department to get their meats cut to their own desired thickness."

Stecewicz of Borman's finds sliced to order gives an individual better control over products. "Customers expect service at the deli," he explains. "They want someone to take their orders. They also want freshness and quality. Sliced to order insures it."

Bill Mitchell of Harris-Teeter also recognizes the importance of the service image. Everything here is sliced to order, he says, because "it is part of the deli atmosphere. It gives the customer the old deli approach. They like the service and the attention. If they want pre-packaged, they will go elsewhere."

Workers Train On-The-Job

Although manuals are available to help train deli people, most operators cite on-the-job training as the real way workers learn the system.

Some items studied include service, sanitation, how to make a sandwich spread, how to treat customers, and how to work each piece of equipment.

Manuals often include formulas, ingredients, and amounts to add to recipes. Says John Elech of Brookshire Bros., "it doesn't take much to fix a barbecued chicken. Rather, it's just a question of knowing when it's done. It's a matter of having the basics and adding to it," he concluded. ■

SERVICE AND ATTENTION are reasons why customers prefer cold cuts sliced to order.

FOCUS: DAIRY

Nutrition Emphasis and Manufacturer Support Help Boost Yogurt Sales in Dairy Sections

by Lauren Radler, assistant editor

BALTIMORE, Md.—Yogurt, particularly in larger packs, is producing one of the bright stories in many supermarket dairy cases these days.

Most of the 18 dairy buyers contacted by SUPERMARKET BUSINESS report healthy yogurt sales gains, prompted by consumers' growing nutrition awareness plus strong manufacturer advertising support.

At Food-A-Rama Stores (Baltimore, Md.), for example, yogurt sales are up 18 percent over last year's figures, according to dairy buyer Roy Marks. And a leading Southern chain reports a volume increase of 20 to 25 percent for yogurt.

Those kinds of figures are creating excitement in a department that most buyers report has been somewhat static over the past year.

Yogurt Space Increases

The success of yogurt has prompted some chains to increase space for the category within their dairy cases. Big Y Foods, Inc. (Springfield, Mass.), for example, devotes 24 to 30 linear feet of shelf space to yogurt, a rise of eight linear feet over the past year. And a Midwest chain has boosted space for yogurt by 10 percent. The chain is also considering a separate yogurt counter because of the product's popularity.

Buyers note that there are more yogurt products for them to choose from than ever before. The standard 8-oz. containers have been supplemented by 6-oz., 16-oz. and 32-oz. sizes, and liquid yogurts are being introduced to America's markets.

The dairy director for the Midwest chain says the 16-oz. plain yogurt container is doing very well. "The large size is for the true yogurt lover," he explains. "They have always bought plain yogurt. Now sales are increasing on the larger size because people are doing more with plain yogurt. They're using it in conjunction with other things, in other dishes."

Like the Midwest chain, the Southern chain is also experimenting with the 16-oz. and 32-oz. plain yogurts. "We see some improvement in these larger sizes," says a company spokesman. "People are learning to mix their own fresh fruit into the plain yogurt."

Big Y Foods also carries the larger containers of plain yogurt, and Omer Brouilette, dairy sales manager, says their popularity has grown over the past year.

"Since manufacturers have begun advertising plain yogurt as substitutes in recipes, more people are buying them," he explains. "Recipes say plain yogurt can be substituted for sour cream. There are less calories in a plain yogurt. This helps people who are health conscious, and they can use yogurt for purposes other than 8-oz. meal."

Food Fair Inc. (Fort Lauderdale, Fla.) has introduced a liquid yogurt in its Baltimore and Miami stores, as well as a 6-oz. container. Edward Boxman, dairy and deli director, says first reports show the products are doing well. "They will be winners," he says.

But Fisher Food Inc.'s (Bedford, Ohio) frozen food and dairy buyer, Ralph Matysiak, reports that sales of yogurt shakes have only been fair in his stores.

"They have not set the world on fire," he says. "They have been around for four months, and the only reason we're hanging on to them is because the company may be coming out with a demonstration program."

Bottled Juices Gain

The only other dairy category mentioned consistently by buyers is bottled and chilled juices.

"They have been doing consistently well," says Dahl Asbill, frozen food and dairy buyer, Food World, Inc. (Highpoint, N.C.). "The half gallon has really been selling in the past six to eight months."

A Midwest chain has added a couple of brands of bottled juices to its dairy case because sales have been so good. "Sales are increasing because people recognize the value on the price of orange juice," reports the chain's dairy buyer. "The orange juice industry has had a good supply and this is showing up in better promotions and allowances. This can only help increase tonnage."

Boxman at Food Fair also notes the importance of manufacturer deals on sales. "A normal retail price on a half gallon of orange juice might be $1.39," he says, "but somebody, somewhere, is probably running a 95-cent promotion. As a result, orange juice become a good buy."

At Super Valu's Minneapolis Division, dairy manager George Frey mentions the convenience of bottled juices as a factor in their sales growth. "Many households are made up of one or two members who are working, and they don't want to have to defrost the frozen can," he says. "They just want to pour a glass of juice."

Overall, the dairy department is not running over with new product introductions. Instead, most dairy buyers complain of seeing more of the same, with more companies entering the field with old products.

"There are not a whole lot of changes going on in dairy," reports Super Valu's Frey. "Dairy is not an innovative category. There are only so many products. Customers want the Swiss or cheddar cheese, not some way-out cheese, so manufacturers are limited in what they can do."

Matysiak of Fisher Foods agrees. "There is not one new exciting item that I can think of," he says. "There is just more of the same—duplications of everything out."

Duplication is the key, as retailers everywhere are forced to choose among the same products in different packaging and brand names.

How do retailers decide on which products to carry? Marsh Supermarkets (Yorktown, Ind.), strives to achieve variety in order to give its customers the best choices possible.

"We compare a product to like items," says Marsh's dairy and frozen food buyer, Jack Gettinger. "We see if we are already carrying something similar. We also look at the advertising behind the product, but duplication is the most important thing."

At Food World, Asbill also strives to achieve the best selection without crowding the chain's 38 stores. He says the chain goes, of course, with the better-selling items, but does carry duplications "because we want to give the customers a choice."

Food Town Stores, Inc. (Salisbury, N.C.) decides on products based on promotional allowances, advertising support and couponing, plus an overall assessment of how well the 101-store chain feels a product will do, says Tom Krieger, vice president of perishable operations.

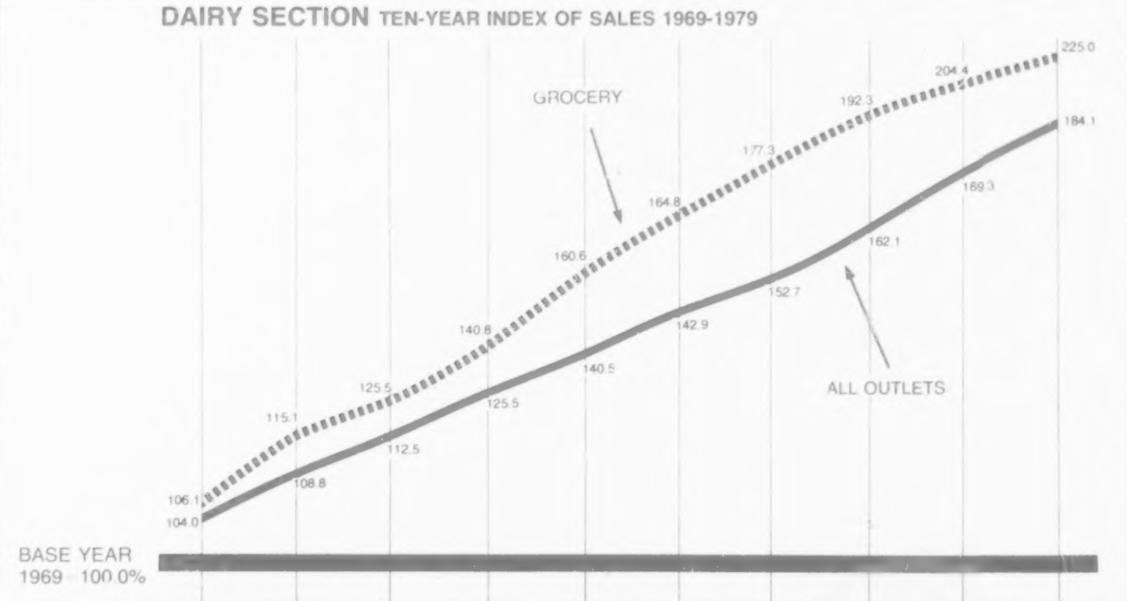
Food Fair's Boxman says product selection is based on whether "we have a similar product, what the competition carries, and the economics of customers—will it fit into our pricing category and quality?"

Boxman also mentions manufacturer support. "There is never too much of it, he says. "We encourage every person to invest as much advertising money as possible in their product if they believe in it."

Boxman also notes the importance of more tasting demonstrations sponsored by manufacturers. "This is the best way to get an item off the ground," he says. "Manufacturers often neglect this. They are losing touch with the consumer because of all the middlemen involved. Taste testing in stores would help bring them back in touch with the customer."

A spokesman for a Midwest chain would like to see a larger amount of promotional support less often. The chain would also like to be able to shift some of the manufacturer allowances from one product to another.

"The manufacturer might put an allowance on one pound of wax cheese, which is a slow item," the spokesman says. "I'd like to take that allowance and put it on a 12-oz. pack of singles, which means more to me." ■



	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
ALL OUTLETS	$15,868,280	$16,598,220	$17,162,560	$19,153,410	$21,432,670	$21,797,030	$23,301,020	$24,732,920	$25,833,000	$28,086,310
GROCERY	$ 6,312,490	$ 6,849,050	$ 7,465,460	$ 8,376,250	$ 9,557,300	$ 9,805,790	$10,551,036	$11,443,700	$12,158,730	$13,383,850

(Add 000)

DAIRY SALES IN GROCERY STORES jumped 11.7 percent to $13.584 billion in 1979. The fastest dairy gainers in 1979 were: orange juice with a 16.6 percent increase, natural cheeses with a 14.8 percent increase and yogurt with a 14.8 percent increase over 1978. Cheese as a whole brought in $3.812 billion, a 13.3 percent increase over the previous year and fruit drinks/juices jumped 14.9 percent over 1978.

Canned Goods Market Fares Poorly in West; Blame High Price and Move Toward Fresh

by Barbara Peters Smith, western editor

LA HABRA, Calif.—With few new product introductions and unrelenting price rises, the canned goods market ranges from stable to noticeably depressed across the nation.

In areas hard hit by the country's recession, grocers cited heavier interest in canned meats and other protein sources as budget stretchers, despite spiraling prices on such goods. In the West, however, grocery buyers reported that health-conscious consumers are favoring more nutritious and less expensive fresh fruits and vegetables.

"Canned and frozen fruit sales are way down because of price," confirmed Esther Cramer, director of consumer affairs for The Alpha Beta Company, headquartered here. "And vegetables are either down or stagnant. Of course, in California, fresh produce has always been very important, but the growth in sales has been remarkable lately."

Increased awareness of nutrition, largely through school programs, combines with the price differential to lure shoppers to fresh fruits and vegetables, Cramer said. This knowledge has also led to a customer preference for fruits in light syrup, even though they are no less costly than the more sugary variety.

Light Syrup Fruits Take Off

"Our buyers say that the growth in sales for light-syrup fruits has taken off so fast that they can't keep track of it," she acknowledged. "If there were a price break involved, I think you'd really see a landslide—if sugar prices got so high that there would be an economic benefit for the consumer in choosing the light-syrup or water-packed fruit."

Though stronger interest in light fruits may be salvaging the category for some, other supermarketers saw no letup in the trend away from canned to fresh.

"We've seen a real shift from canned fruits—even those in light syrups—to whatever fresh fruit is in season," commented a grocery buyer for a Phoenix firm. "People seem to be better educated about seasonal buys, and they don't feel canned fruits and vegetables are providing enough nutrition.

"When people want convenience foods," he continued, "they are turning to the frozen food section, where there's more cost, but they get the idea that it's fresher."

Another California chain has reduced shelf space by 30 percent over the last three years for canned fruits and vegetables. A spokesman explained that changing cooking methods have helped make a difference in the choice between canned and fresh vegetables.

"What with stir-frying and steaming, people have learned that you don't have to cook vegetables for two hours before you can eat them," he said. "This has sliced into a demand for canned vegetables that require less cooking time. Also, we emphasize our produce department, and we think fresh fruits and vegetables help attract people to our store."

Among the western retailers SUPERMARKET BUSINESS contacted, promotions and multiple-price deals on canned goods are becoming less frequent. Merchandisers complain that, except for such traffic pullers as water-packed tuna and brand-name fruits, price cutting is not justified by the number of people it draws.

"We're running such low prices on most of our cans that we can't really afford to knock off more than a couple of cents," noted a storeowner who operates in the Southwest. "When we do advertise a price cut, it's got to be a real grabber. Multiple prices still do work for us, when it's for a staple like tomato sauce or beans, that people can stock up on."

A merchandiser for Safeway agreed that current margins allow little room for dramatic promotions, but pointed out that cross-merchandising can be an effective ploy for making high-priced canned goods more attractive.

"We might offer a good price on mayonnaise or noodles and team it up with canned tuna," he said. "This way the customer feels like she's saving money on the meal as a whole, and that's very important to her."

Most western sources agreed that generics and private labels are suffering from the same depression that is affecting brand-name canned goods. For a Northeast retailer, however, generics are a viable offering to customers. He doubled the space allocated to this category in 1979, for a total of 12 to 16 linear feet in most stores.

"They're looking for low prices when they shop canned goods, because that's what canned goods have always meant," he observed. "Generics are the best buy we can offer at this point, and people are responding favorably. The program has been very successful for us, and we plan to expand beyond the basic offerings."

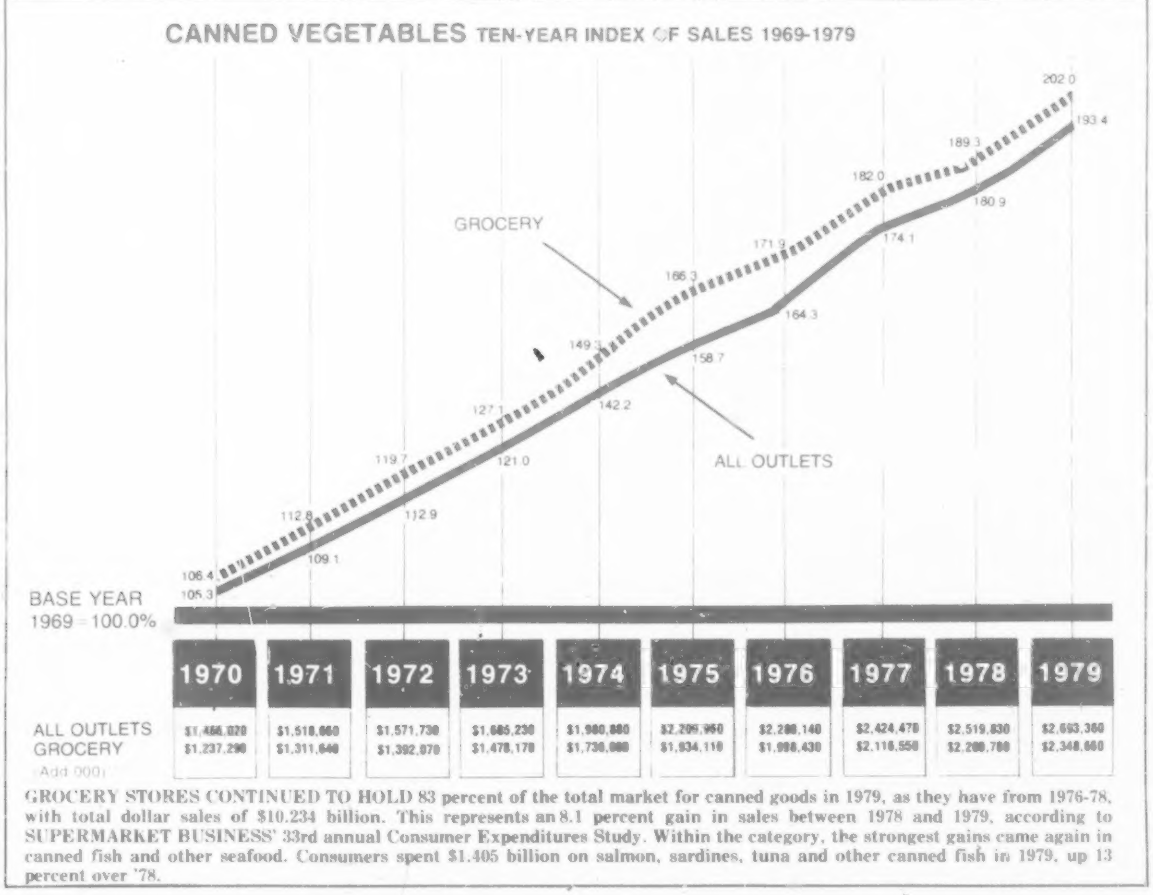
In the East and Midwest, such basics as corn, green beans and peas, and pineapples, peaches and fruit cocktail continue to be strong sellers, grocery buyers reported. Switching to fresh produce from canned goods is less common, and shelf space remains unchanged at stores interviewed by SUPERMARKET BUSINESS.

"We haven't really added or dropped anything because there haven't been very many new items," said Manse Millican, head buyer for Minyard Food Stores in Dallas. "Libby's chunky mixed fruit seems to be doing well, though. We advertise some canned goods every week, at dollar specials. We have three or four cans for a dollar, where it used to be five or six.

"We mostly do this in vegetables," he added, "because it's getting hard to find fruits that you can multiple-price for a dollar. When the regular shelf price is multiple, we'll usually display

■ *Continued on page 80*

STIR FRYING AND STEAMING have taught consumers that they don't need to cook vegetables for a long time. As a result, sales of quick-cooking canned vegetables are suffering.



GROCERY STORES CONTINUED TO HOLD 83 percent of the total market for canned goods in 1979, as they have from 1976-78, with total dollar sales of $10.234 billion. This represents an 8.1 percent gain in sales between 1978 and 1979, according to SUPERMARKET BUSINESS' 33rd annual Consumer Expenditures Study. Within the category, the strongest gains came again in canned fish and other seafood. Consumers spent $1.405 billion on salmon, sardines, tuna and other canned fish in 1979, up 13 percent over '78.

West Coast Sees Fall In Canned Goods Sales

■ *Continued from page 78*

the items outside of the canned goods section."

For most, the performance of canned goods seems to be reliable but somewhat lackluster.

"Nothing is happening in canned goods," a Jewel Foods spokesman (Chicago) stated flatly. "Sales are steady, prices are rising and margins are getting smaller. It's like a lot of other categories."

Alvin Cailloüet, vice president of Schwegmann Brothers in New Orleans, agreed: "The price of food in general is high, whether it's canned, fresh or frozen. We run promotions on everything, and we use multiple pricing."

> *"Cross-merchandising can be an effective ploy for making high-priced canned goods more attractive."*

Cailloüet added that buffet-sized cans have never caught on with his customers, but for most companies contacted, the small-serving can has performed well. One Minnesota retailer promotes the size to encourage sampling of new or unusual foods.

"We call it our 'Try It Size' and mark it down so customers will buy it out of curiosity," he said. "Usually we pile different types of cans in bins near the checkout area, so people really think they're new samples. It works very well in cases where we feel people would buy something once they knew what it tastes like."

A Florida chain operator pointed to a growing singles market as the reason for the buffet can's success.

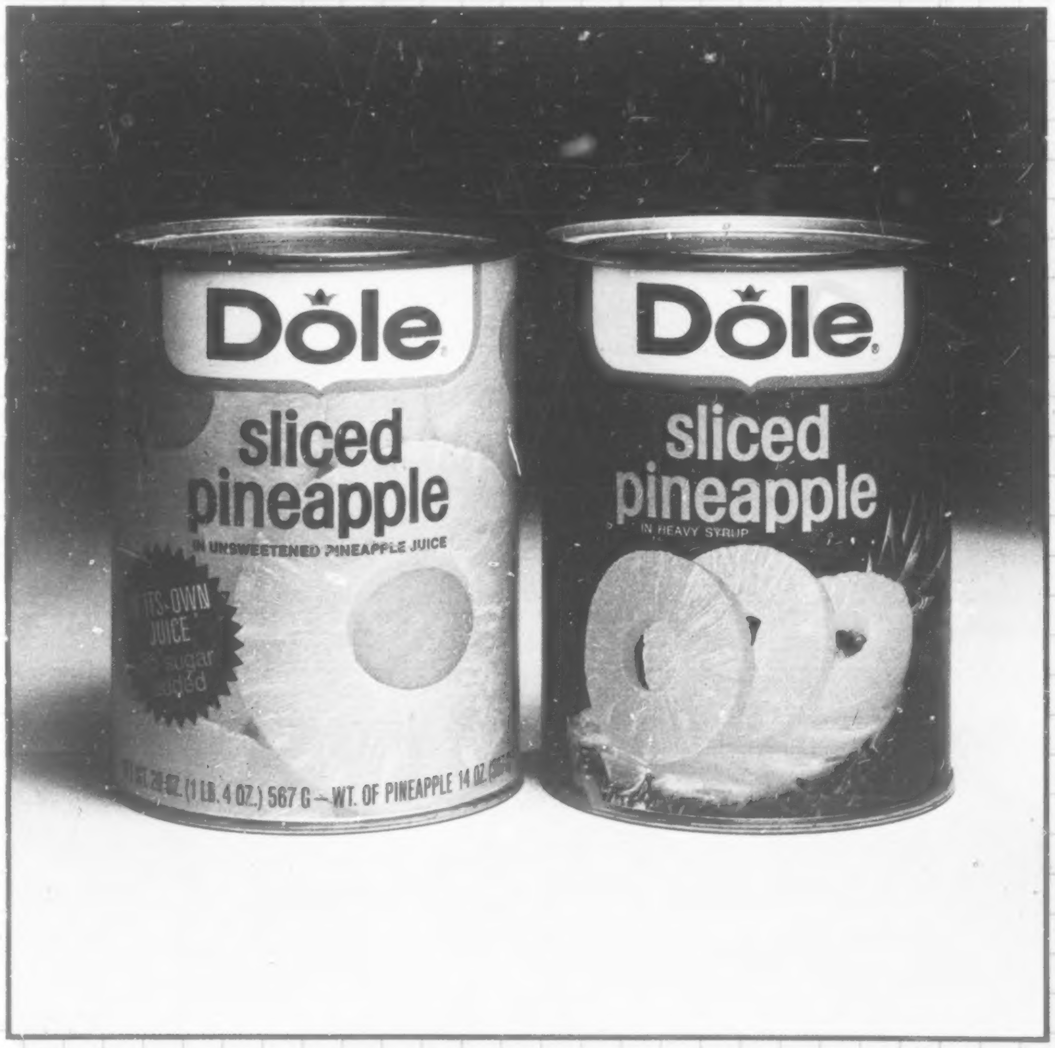
"We're not selling to so many large families anymore," he noted. "The institutional cans, which were hailed as such a terrific money-saver, have all but disappeared, and customers aren't making so many multiple buys anymore. I think they're less interested in saving money than in having a small, convenient can." ■

LIGHT SYRUP FRUITS are taking off and may be salvaging the category for some supermarkets. However, many see no letup in the trend away from canned to fresh.

TOMATO SAUCE
BAKED BEANS

WHEN SEARCHING FOR CONVENIENCE FOODS, shoppers are now turning to the frozen section, where they believe items are fresher.

THE TOP TWO
IN CANNED FRUIT PROFITS.


Dole
sliced pineapple
IN UNSWEETENED PINEAPPLE JUICE
ITS-OWN JUICE
no sugar added
NET WT. 20 OZ. (1 LB. 4 OZ.) 567 G — WT. OF PINEAPPLE 14 OZ.
Dole
sliced pineapple
IN HEAVY SYRUP

PROFITABLE FACTS, TRENDS, IDEAS, PRODUCTS FOR THE GROCERY INDUSTRY

Supermarket Business

FORMERLY SUPERMARKETING

Inside this issue . . .

• **Chain Boosts Coupon Redemption 75+%—Page 4**

• **Decentralization Cuts DP Backlog—Page 32**

• **Festivals Help Produce Win 28% of Sales—Page 26**

October 1980

30 of 50 Top Chains Net 1% in '79

by Carol Fensholt, managing editor

NEW YORK CITY—The nation's top food store companies, buffeted by inflation, steadily increased their sales in 1979, but as a group lost headway on the profitability course.

Examination of the annual reports of 50 leading publicly owned companies (see table on page 24) shows that gross sales for the 50 firms rose 13.4 percent for fiscal 1979, from $75.9 billion to $86.1 billion last year.

See pages 23-25 for sales, earnings and profits tables

Net income for the companies was up 8.1 percent, from $773.3 million in fiscal 1978 to $836.2 million in 1979.

But the effect of inflation and several large losses revealed itself in the actual profits arena—net margin for the group slid from 1.02 percent to .97 percent. Even the nation's biggest chain, the international **Safeway Stores,** while increasing sales 9.3 percent to $13.7 billion, found its net profit eroded to 1.04 from the 1.16 percent it posted a year earlier.

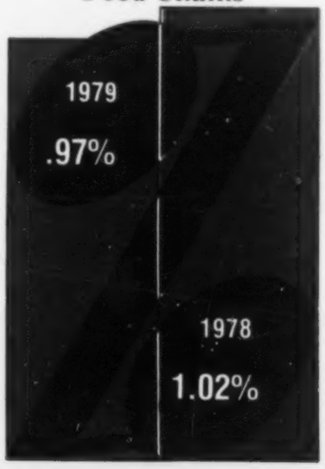
In fact, five of the 10 largest chains on the list—**Safeway, Lucky Stores, Winn-Dixie, American Stores** and **Albertson's**—all reported net margins lower than those they reported in 1978.

30 Post 1% or Higher

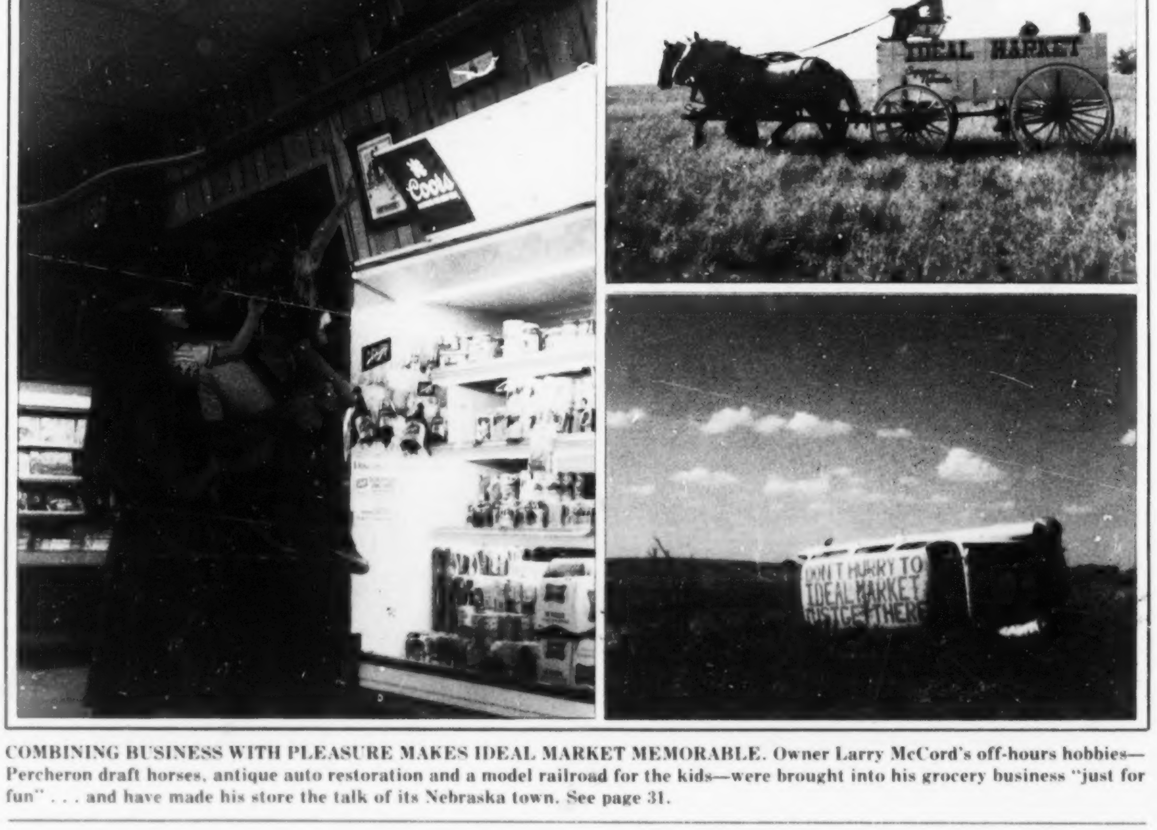
This year's average profit was whittled by the losses reported by several

■ *Continued on page 23*

Average Net Margin for 50 Top Publicly Owned Food Chains



SOURCE: *SUPERMARKET BUSINESS*



COMBINING BUSINESS WITH PLEASURE MAKES IDEAL MARKET MEMORABLE. Owner Larry McCord's off-hours hobbies—Percheron draft horses, antique auto restoration and a model railroad for the kids—were brought into his grocery business "just for fun" . . . and have made his store the talk of its Nebraska town. See page 31.

Super Valu Seminar Maps Scan Path for Stores

by Carol Fensholt, managing editor

HOPKINS, Minn.—The independent retailer contemplating his first scan system can often find the very notion overwhelming—fraught with excitement and gilt-edged promise, certainly . . . but presenting a plethora of perplexing problems.

"What will scanning really do for me? . . . Which system is best? . . . Who can advise me? . . . How do I begin? . . . What problems should I expect? . . . Is it all worth the trouble?"

And obvious places to turn for answers may not be practical:

Industry seminars? . . . Not specific enough to apply to the individual's unique situation.

A consultant? . . . Too costly.

Equipment suppliers? . . . Their opinions may be colored by eagerness to sell—or oversell—their own system.

To fill its retailers' need for practical information about scanning, Super Valu Stores, Inc. recently gave six months of concerted effort to creating a total "scanning package"—seminar and materials—designed to answer "situation-specific" questions for the retailer and provide him with a realistic road map to scanning.

Efforts were aided by five equipment suppliers, Data Terminal Systems, IBM, NCR, National Semiconductor and Sweda. Each manufacturer prepared a "vendor-specific" workshop and provided a full "live" scan system staffed with reps to explain and demonstrate its use to Super Valu retailers.

The resulting three-day seminar, held in late July and attended by 124 Super Valu retailers, headquarters and division executives and suppliers,

■ *Continued on page 8*

Growth of Key Markets, Good Profits Spur Revitalization of HBA Sections

by Robert D. Rauch,
assistant editor

LAS VEGAS—Revitalization of several key product categories, plus greater retailer awareness of the importance of health and beauty aids to supermarket profits will help make HBA one of the fastest-growing food store departments in the coming months.

Introduction of new products is expected to continue apace, with most of the action in shampoos and hair conditioners, analgesics, cold remedies and feminine hygiene items.

Rising sales of cosmetics, diet aids, disposable razors and ethnic products will also put the blush on health and beauty aid sales in supermarkets.

That's the prognosis of 10 leading service merchandising company executives interviewed by SUPERMARKET BUSINESS during and after the National Association of Service Merchandising (NASM) convention held here recently.

The NASM distributors also revealed their most successful products and offered their views on the future of HBA in grocery stores.

By far the most frequently men-

■ *Continued on page 18*

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In this issue...

Food

Outdoor Produce Festivals Help Reasor's Increase Distribution by 4 to 5 Times 26

Generic Coffee, Tea Popular in Depressed Economy, But Name Brands Hold 29

General Merchandise

Growth of Key Markets, Healthy Profits Spur Revitalization of HBA Sections 1

In Cross Merchandising, The Unexpected Tie-in of Food, Nonfood Triggers Sales 14

Operations

Super Valu Seminar Maps Stores' Scan Path, Takes Confusion Out of System Set-Up 1

30 of 50 Top Chains Net 1% in 1979; Inflation, Some Large Losses Hurt Profits 1

Coupon Redemption Up 76.3% at Tom Thumb; Chain Reacts With Consumer Coupon Center 4

'Depot Within Store' Moves Cases at 8% Above Chain's Wholesale Cost 6

Minyard Loss Prevention Reduces Shrink, Lowers Internal, External Theft 10

Model Train Adds Playfulness to Independent's Merchandising Tactics 31

Regular Columns

Meeting the Technology Challenge 32

Profitable Store Engineering 34

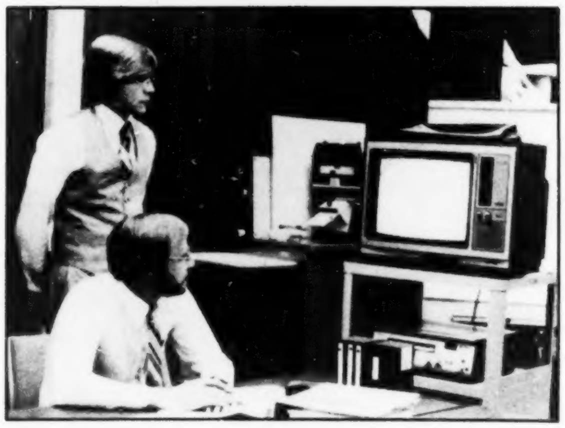
Speaking About Meat 36

Effective Training 38

New Products 40

Executive Changes 45

Calendar 46



The 10 Fastest Gainers in Sales

(Greatest percentage increases)

(add 000)

	Percent Gain In Sales	Sales Ran
		1979*
Stores[1]	247.4%	7
Stores, Inc.	39.0	31
on	30.8	10
r. Stores	28.3	49
Inc.	27.6	35

CONSUMER CENTER

Publisher's View

A message to our readers

From: Jeff Schaeffer, Publisher

When a magazine changes ownership, like a supermarket, very often it develops a new personality. In the months to come you will see changes in SUPERMARKET BUSINESS which are the result of its acquisition by our company, Fieldmark Media. We think it is important that you, our reader, know about our plans for SUPERMARKET BUSINESS since it is for you that our magazine is written.

We acquired SUPERMARKET BUSINESS with the conviction that a market of this size and importance should have the broadest possible base of information. By helping to expand knowledge and to stimulate fresh thinking, we believe SUPERMARKET BUSINESS will add real value to the marketplace, and most important, fulfill its commitment to helping you do business.

I have spent 16 years exclusively in grocery trade publishing, the last eight of them as Chief Operating Officer of the *Progressive Grocer* Company. Joining me at SUPERMARKET BUSINESS as editor is Ken Partch. Ken has over 20 years of experience in the trade and was formerly chief editor of both *Chain Store Age* and *Food Topics*, predecessor to SUPERMARKET BUSINESS.

While we have developed a new direction, which will become apparent in forthcoming issues, SUPERMARKET BUSINESS will continue to bring you useful ideas and information, and practical, problem-solving techniques which can be used to deal with today's challenges. Our interpretation and analysis of issues and trends, like our research, will have a practical orientation.

When you see *what* we are doing, please tell us *how* we are doing. Expect a lot from us. We expect a lot from ourselves. ■

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More Top Chains Increase Net Margin to 1% and Up

■ *Continued from page 1*

heavyweight chains—**A&P**, **Food Fair**, **Fisher Foods** and **Shop Rite Foods**—as well as by others' profit declines.

But for many firms, efforts to improve productivity, cut costs and streamline operations appear to be yielding some encouraging results: Thirty of the 50 chains studied posted margins of one percent or better for fiscal 1979.

To put this in perspective, last year's 50 Top Chains report found 28 of the firms studied reporting nets above one percent; the previous year, only 19 of the 50 broke this barrier.

The highest profit margin of this year's group—an enviable 5.26 percent—was reported by **Petrolane**, operating 82 **Stater Bros.** supermarkets headquartered in Colton, California. (See "*10 Best Profit Margins*" chart, this page.)

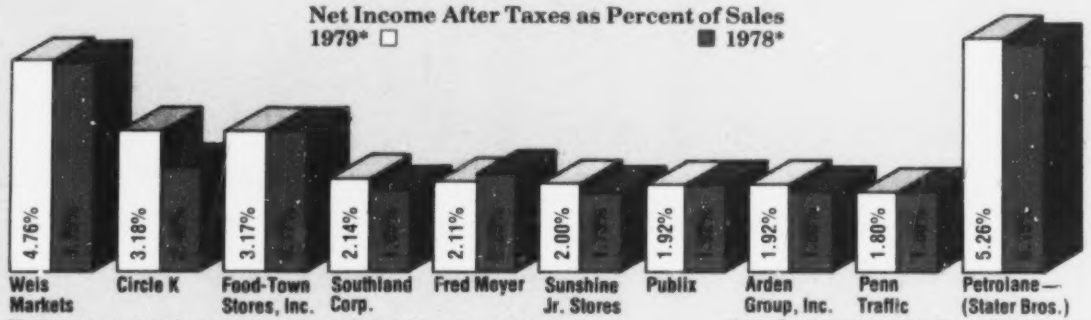
However, to be fair it must be noted that more than half of Petrolane's 1979 sales came from its oil and gas operations . . . and, as everyone knows, energy has been a good business to be on the seller's side of lately. In fact, Petrolane's annual report makes no mention of its grocery subsidiary, instead lumping its sales under the heading, "Consumer Products."

Another interesting, if predictable, conclusion one can draw by a glance at the "*10 Best Margins*" chart is that convenience, possibly even at the expense of higher prices, continues to grow in importance: Three of the 10

■ *Continued on page 25*

The 10 Best 1979* Profit Margins[1]

Net Income After Taxes as Percent of Sales



[1] *Profit margins are based on operating earnings excluding special credit or charges.*

**Latest fiscal year reported by Aug. 1 of following year.*

SOURCE: *SUPERMARKET BUSINESS*

The 10 Fastest Gainers in Sales

(Greatest percentage increases)

(add 000)

Chain	Percent Gain In Sales	Sales Rank 1979*	Sales Rank 1978*
American Stores[1]	247.4%	7	6
Food Town Stores, Inc.	39.0	31	32
Grand Union	30.8	10	10
Sunshine Jr. Stores	28.3	49	50
Shopwell, Inc.	27.6	35	37
Southland Corp.	25.4	6	8
Lucky Stores	24.8	4	5
A.J. Bayless	23.0	38	38
Circle K	21.6	26	25
Petrolane (Stater Bros.)	21.6	19	**

[1] *Includes results of former American Stores Co. from date of merger on July 26, 1979 with Skaggs Companies, Inc. The company changed its fiscal year to the Saturday closest to January 31.*

**Latest fiscal year reported by Aug. 1 of following year.*

***Not shown on 1979 listing.*

The 10 Biggest Gainers in Sales

(Greatest dollar increases)

(add 000)

Chain	Sales 1979*	Sales 1978*	Increase in Sales
American Stores[1]	$ 3,786,332	$ 1,089,909	$2,696,423
Kroger Co.	9,029,315	7,828,071	1,201,244
Safeway Stores	13,717,861	12,550,569	1,167,292
Lucky Stores	5,815,927	4,658,409	1,157,518
Southland Corp.	3,876,059	3,090,094	785,965
Grand Union	3,137,612	2,398,944	738,668
Winn-Dixie Stores	5,388,979	4,930,538	458,441
Albertson's	2,673,848	2,268,970	404,878
Supermarkets General	2,372,574	2,061,873	310,701
Dillon Co.	2,077,265	1,792,217	285,048

**Latest year reported by Aug. 1 of following year.*

[1] *Includes results of former American Stores Co. from date of merger on July 26, 1979 with Skaggs Companies, Inc. The Company changed its fiscal year to the Saturday closest to January 31.*

The 10 Fastest Gainers in Earnings

(Greatest percentage increases)

(add 000)

Chain[1]	Percent Gain in Earnings	Earnings Rank 1979*	Earnings Rank 1978*	Sales Rank 1979*
American Stores[2]	77.4%	8	8	7
Thorofare	71.4	41	45	46
Thriftimart, Inc.	60.7	25	26	29
Circle K	58.7	17	18	26
First National Stores	58.6	27	32	17
Schultz Sav-O-Stores	48.0	39	42	41
Sunshine Jr. Stores	48.0	35	41	49
Southland Corp.	45.6	5	5	6
Star Supermarkets	45.5	32	37	42
Seaway Foodtown	43.1	28	31	37

[1] *Latest fiscal year reported by Aug. 1 of following year.*

**Includes only those companies with no reported losses in either year.*

[2] *Includes results of former American Stores Co. from date of merger on July 26, 1979 with Skaggs Companies, Inc. The company changed its fiscal year to the Saturday closest to January 31.*

The 10 Biggest Gainers in Earnings

Greatest dollar increases

(add 000)

Chain[1]	Earnings 1979*	Earnings 1978*	Net Increase in Earnings
Southland Corp.	$ 83,141	$57,097	$26,044
Kroger Co.	105,516	84,596	20,920
American Stores[2]	44,434	25,043	19,391
Lucky Stores	98,094	80,400	17,694
Petrolane (Stater Bros.)	60,217	48,414	11,803
Jewel Companies	50,686	41,142	9,544
Grand Union	30,669	21,863	8,806
Circle K	16,948	10,678	6,270
Publix	37,068	32,113	4,955
Weis Markets	28,880	24,582	4,298

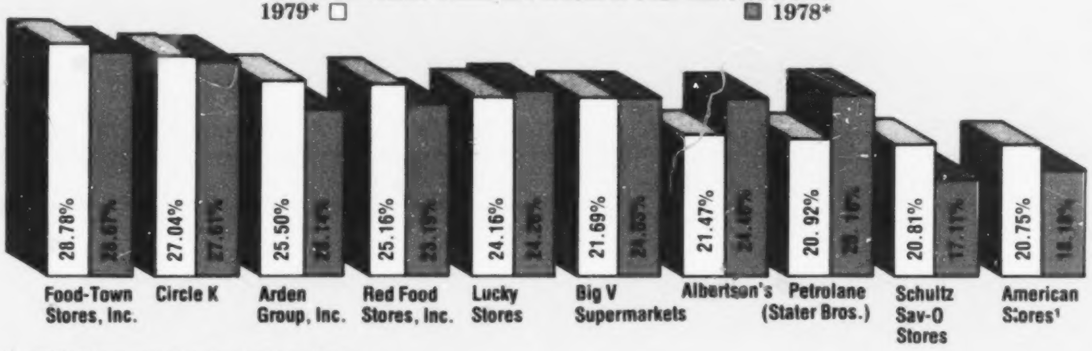
**Latest year reported by Aug. 1 of following year.*

[1] *Includes only those companies with no reported losses in either year.*

[2] *Includes results of former American Stores Co. from date of merger on July 26, 1979 with Skaggs Companies, Inc. The Company changed its fiscal year to the Saturday closest to January 31.*

The Best Returns on 1979* Net Worth

Net Income After Taxes as Percent of Year-end Net Worth



**Latest fiscal year reported by Aug. 1 of following year.*

[1] *Includes results of former American Stores Co. from date of merger on July 26, 1979 with Skaggs Companies, Inc. The company changed its fiscal year to the Saturday closest to January 31.*

SOURCE: *SUPERMARKET BUSINESS*

Sales and Net Income of 50 Top Publicly Owned Food Chains

Ranked by Sales Volume

RANK '79	RANK '78	COMPANY	Fiscal Year	Sales (add 000) 1979*	Sales (add 000) 1978*	% Change	Net Income (add 000) 1979*	Net Income (add 000) 1978*	Net Change (add 000)	% Change	Number of Grocery Stores Operated 1979*	Number of Grocery Stores Operated 1978*
(1)	(1)	Safeway Stores	12/29/79	$13,717,861	$12,550,569	+ 9.3%	$143,323	$146,118	$ – 2,795	– 1.9%	2,425	2,429
(2)	(2)	Kroger Co.	12/29/79	9,029,315	7,828,071	+15.3	105,516	84,596	20,920	+24.7	1,234	1,202
(3)	(3)	A & P	2/23/80	6,684,179	7,469,659	–10.5	– 3,807	–52,186	48,379	UP	1,542	1,771
(4)	(5)	Lucky Stores	2/3/80	5,815,927	4,658,409	+24.8	98,094	80,400	17,694	+22.0	1,472	1,317
(5)	(4)	Winn-Dixie	6/25/80	5,388,979	4,930,538	+ 9.3	91,950	94,462	– 2,512	– 2.7	1,192	1,174
(6)	(8)	Southland Corp.[1]	12/31/79	3,876,059	3,090,094	+25.4	83,141	57,097	26,044	+45.6	6,920[1]	6,708
(7)	(6)	American Stores[2]	2/2/80	3,786,332	1,089,909	+247.4	44,434	25,043	19,391	+77.4	1,100	780
(8)	(7)	Jewel Companies	2/2/80	3,764,266	3,516,352	+ 7.1	50,686	41,142	9,544	+23.2	357	364
(9)	(10)	Grand Union	3/29/80	3,137,612	2,398,944	+30.8	30,669	21,863	8,806	+40.3	776	840
(10)	(11)	Albertson's	1/31/80	2,673,848	2,268,970	+17.8	38,323	36,421	1,902	+ 5.2	384	365
(11)	(12)	Supermarkets General	2/2/80	2,372,574	2,061,873	+15.1	23,460	20,637	2,823	+13.7	114	109
(12)	(13)	Dillon Co.	6/28/80	2,077,265	1,792,217	+15.9	27,397	33,586	– 6,189	–18.4	212	205
(13)	(15)	Publix	12/29/79	1,933,820	1,672,229	+15.6	37,068	32,113	4,955	+15.4	231	220
(14)	(14)	Stop & Shop Co.	2/2/80	1,878,864	1,762,144	+ 6.6	14,948	16,021	– 1,073	– 6.7	151	157
(15)	(9)	Food Fair Stores[3]	7/28/79	1,487,270	2,414,665	–38.4	–211,079	–92,223	–118,856	DOWN	203	442
(16)	(17)	First National Supermarkets	3/29/80	1,364,797	1,239,08[illegible]	+10.1	5,253	3,312	1,941	+58.6	247	274
(17)	(16)	Fisher Foods	12/29/79	1,336,293	1,451,676	– 7.9	– 6,989	9,829	–16,818	DOWN	150	158
(18)	(18)	Giant Food	2/23/80	1,242,620	1,080,842	+15.0	17,859	16,957	902	+ 5.3	121	117
(19)	(..)	Petrolane (Stater Bros.)	9/30/79	1,143,938	940,827	+21.6	60,217	48,414	11,803	+24.4	82	75
(20)	(19)	Waldbaum's	12/29/79	1,103,443	941,479	+17.2	7,827	7,016	811	+11.6	136	129
(21)	(20)	Fred Meyer	12/29/79	1,060,203	927,110	+14.4	22,380	20,881	1,499	+ 7.2	63	62
(22)	(21)	National Tea	12/29/79	1,045,696	918,635	+13.8	13,133	12,102	1,031	+ 8.5	230	214
(23)	(..)	Borman's, Inc.[4]	1/26/80	905,376	783,939	+15.5	467	2,120	– 1,653	–87.3	82	80
(24)	(22)	Cullum Co.	6/28/80	864,974	782,520	+10.5	11,290	9,406	1,884	+20.0	132	120
(25)	(23)	Weis Markets	12/29/79	606,346	518,003	+17.1	28,880	24,582	4,298	+17.5	106	101
(26)	(25)	Circle K	4/30/80	533,103	438,559	+21.5	16,948	10,678	6,270	+58.7	1,200	1,158
(27)	(24)	Niagara Frontier Service	6/28/80	500,000(e)	464,139	+ 7.7	8,900(e)	8,689	211	+ 2.4	115	103
(28)	(28)	Marsh Supermarkets	3/29/80	447,436	391,963	+14.2	4,019	3,642	377	+10.4	295	195
(29)	(30)	Thriftimart, Inc.	3/30/80	431,872	368,136	+17.3	7,213	4,488	2,725	+60.7	43	43
(30)	(27)	Arden Group, Inc.[5]	12/29/79	425,853	398,335	+ 6.9	8,174	7,186	988	+13.7	105	105
(31)	(32)	Food Town Stores, Inc.[6]	12/29/79	415,974	299,267	+39.0	13,171	9,481	3,690	+38.9	85	69
(32)	(29)	Foodarama	11/3/79	413,016	376,144	+ 9.8	780	2,162	– 1,382	–63.9	44	41
(33)	(31)	Penn Traffic	2/2/80	375,573	330,225	+13.7	6,463	5,933	530	+ 8.9	67	64
(34)	(34)	Big V Supermarket	12/30/79	357,984	295,111	+21.3	4,704	4,214	490	+11.6	26	24
(35)	(37)	Shopwell, Inc.	12/29/79	346,486	271,568	+27.6	1,060	745	315	+42.3	69	75
(36)	(33)	Pueblo International	1/26/80	330,773	296,170	+11.7	4,033	3,975	58	+ 1.5	41	40
(37)	(35)	Seaway Foodtown	8/29/79	325,857	285,215	+14.2	4,757	3,325	1,432	+43.1	53	51
(38)	(38)	A. J. Bayless	12/29/79	319,837	260,088	+23.0	2,193	2,583	– 390	–15.1	58	58
(39)	(36)	King Kullen	9/29/79	318,364	281,039	+13.3	1,843	1,952	– 109	– 5.6	53	50
(40)	(39)	Munford, Inc.	1/3/80	292,367	260,032	+12.4	2,309	– 1,187	3,496	UP	1,184	1,211
(41)	(42)	Schultz Sav-O Stores	12/29/79	261,951	219,373	+19.4	1,871	1,264	607	+48.0	36	35
(42)	(41)	Star Supermarkets	12/29/79	248,904	228,282	+ 9.0	3,135	2,154	981	+45.5	41	40
(43)	(40)	Victory Markets	12/29/79	241,614	228,584	+ 5.7	1,037	1,120	83	– 7.4	88	84
(44)	(43)	Mott's Supermarkets	12/29/79	234,792	211,233	+11.2	2,888	2,787	101	+ 3.6	24	23
(45)	(44)	Village Supermarkets	7/28/79	232,165	206,319	+12.5	1,004	1,141	137	–12.0	20	22
(46)	(45)	Thorofare	7/28/79	218,346	200,908	+ 8.7	1,411	823	588	+71.4	59	59
(47)	(47)	Red Food Stores, Inc.	6/2/79	206,144	173,695	+18.7	3,073	2,228	845	+37.9	34	32
(48)	(49)	Laneco, Inc.	9/29/79	140,933	116,872	+20.6	2,195	1,692	503	+29.7	23	18
(49)	(50)	Sunshine Jr. Stores	12/31/79	120,072	93,553	+28.3	2,400	1,622	778	+48.0	343	323
(50)	(46)	Shop Rite Foods	12/29/79	93,268	180,703	–48.4	– 3,819	– 9,105	5,286	UP	34	64
		TOTAL		$86,130,443	$75,964,270	+13.4%	$ 836,202	$ 773,301	$62,901	+ 8.1%	23,719	23,379

* Latest fiscal year reported by Aug.1 of following year

(..) Not shown on 1979 listing

[1] Number of stores includes 7-Eleven and Gristedes only

[2] Includes results of former American Stores Co. from date of merger on July 26, 1979 with Skaggs Companies, Inc. The Company changed its fiscal year to the Saturday closest to January 31.

[3] Debtor in possession

[4] Income before extraordinary items

(e) 1979 estimated

[5] For Market Operations only

[6] Income before extraordinary gain

Collection of data and statistical compilation by Marianne Faybik

■ *Continued from page 23*

companies on this list operate convenience stores primarily.

These companies are **Circle K** (Phoenix), **Southland Corp.** (Dallas) and **Sunshine-Jr. Stores** (Panama City, Fla).

Further evidence of the convenience factor's importance is found on the list of 1979's *"10 Fastest Earnings Gainers:"* All convenience store chains named above appear on this list.

In fact, only Southland, fifth on last year's *"Earnings Gainers"* list, reappears on the same list this year . . . which perhaps is just as illustrative of the difficulty grocery companies have sailing a steady course in today's rolling economic seas.

Leading 1979's *"Fastest Earnings Gainers"* list is **American Stores**, reporting a 77.4-percent earnings leap.

This figure, of course, reflects the company's merger with Skaggs Companies, Inc. American Stores' whopping 247.4-percent sales increase, which catapults it to the top of the *"10 Fastest Sales Gainers"* list as well, is also attributable to the merger.

Unfortunately, while more chains had a better year in 1979, more also had a worse one—SB's list of *"Earnings Decliners"* among the 50 top chains studied has grown from five companies in 1978 to 12 for 1979.

Food Fair Stores achieved the dubious distinction of heading up the list for the second year in a row. Its 1979 loss was $211 million, following a $92-million loss for fiscal 1978.

Also performing an encore this year is **Foodarama**, scraping by with earnings of just $780,000, a drop of more than $1.3 million from its 1978 earnings figure of $2.1 million.

Two Take Roller Coaster

Riding the roller coaster in the past two years were **Fisher Foods** and **Victory Markets.**

Fisher Foods, second on last year's *"Earnings Gainers"* list with a spectacular 124.1 percent rise, is now second on the list of *"Earnings Decliners,"* with an equally spectacular nosedive from earnings of $9.8 million in 1978 to a $6.9-million loss for 1979.

The explanation for this wild swing can be found in the profitable sale of Fisher's California operations, reflected in 1978 figures; followed by heavy 1979 losses due to cutbacks and closings of Fazio's stores in Ohio.

An abortive entry into the box store arena further hurt Fisher's 1979 profit picture: Twenty-two unprofitable supermarkets were converted to warehouse stores, but the chain was unable to turn them around in their markets, and has since closed most of them.

Victory Markets, first on the *"Earnings Gainers"* list last year with a 578.8-percent increase, is now last on this year's *"Earnings Decliners"* list with a drop of $83,000 from earnings of $1.12 million in 1978 to $1.3 million in 1979.

All in all, however, a mood of optimism prevails among the 50 top chains studied for this year's report; their store growth trend compared to the industry's overall decline is one measure of this:

The total number of grocery stores in the U.S. continues its steady slide, dropping by 3,092 stores in 1979 (from 177,522 units in 1978 to 174,430 in 1979), reports SB's 33rd annual Consumer Expenditures Study (CES), published in last month's issue.

But the 50 top chains studied expanded their total number of stores operated by 340, from 23,379 units in 1978 to 23,719 in 1979.

Finally, the 50 top chains continue to post a collective sales increase considerably above the national grocery store sales growth figure:

Sales for the chains included in this report, again, rose 13.4 percent in fiscal 1979. By contrast, total grocery store sales for the U.S. rose just 10.5 percent for the same period—which, when inflation is factored in, translates to an actual tonnage loss.

Conclusion? For now at least, success in grocery retailing belongs to the aggressive, responsive company with the resources to prevail and prosper in troublesome economic weather . . . and to the company which, lacking the resources, substitutes financial, operational and merchandising resourcefulness. ■

The 12 Declines in Earnings

Chain	Earnings or Losses (000) 1979*	Earnings or Losses (000) 1978*	Net Decline in Earnings (000)
Food Fair Stores	$—211,079	$—92,223	$—118,856
Fisher Foods	— 6,989	9,829	— 16,818
Dillon Co.	27,397	33,586	— 6,189
Safeway Stores	143,323	146,118	— 2,795
Winn-Dixie Stores	91,950	94,462	— 2,512
Borman's, Inc.	467	2,120	— 1,653
Foodarama	780	2,162	— 1,382
Stop & Shop Co.	14,948	16,021	— 1,073
A.J. Bayless	2,193	2,583	— 390
Village Supermarkets	1,004	1,141	— 137
King Kullen	1,843	1,962	— 119
Victory Markets	1,037	1,120	— 83

*Latest fiscal year reported by Aug 1 of following year.

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With a Hobart load cell scale you get the most reliable equipment available — but if you should ever need it, our trained technicians provide service at your store. There's no confusion because of equipment exchanges . . . the serial number you start with, you stay with. Additionally, the exclusive Hobart platter support design protects the scale against even the roughest shock loads. Plus, you can place items anywhere on the platter, even the corners, and still get precise performance (and profit protection).

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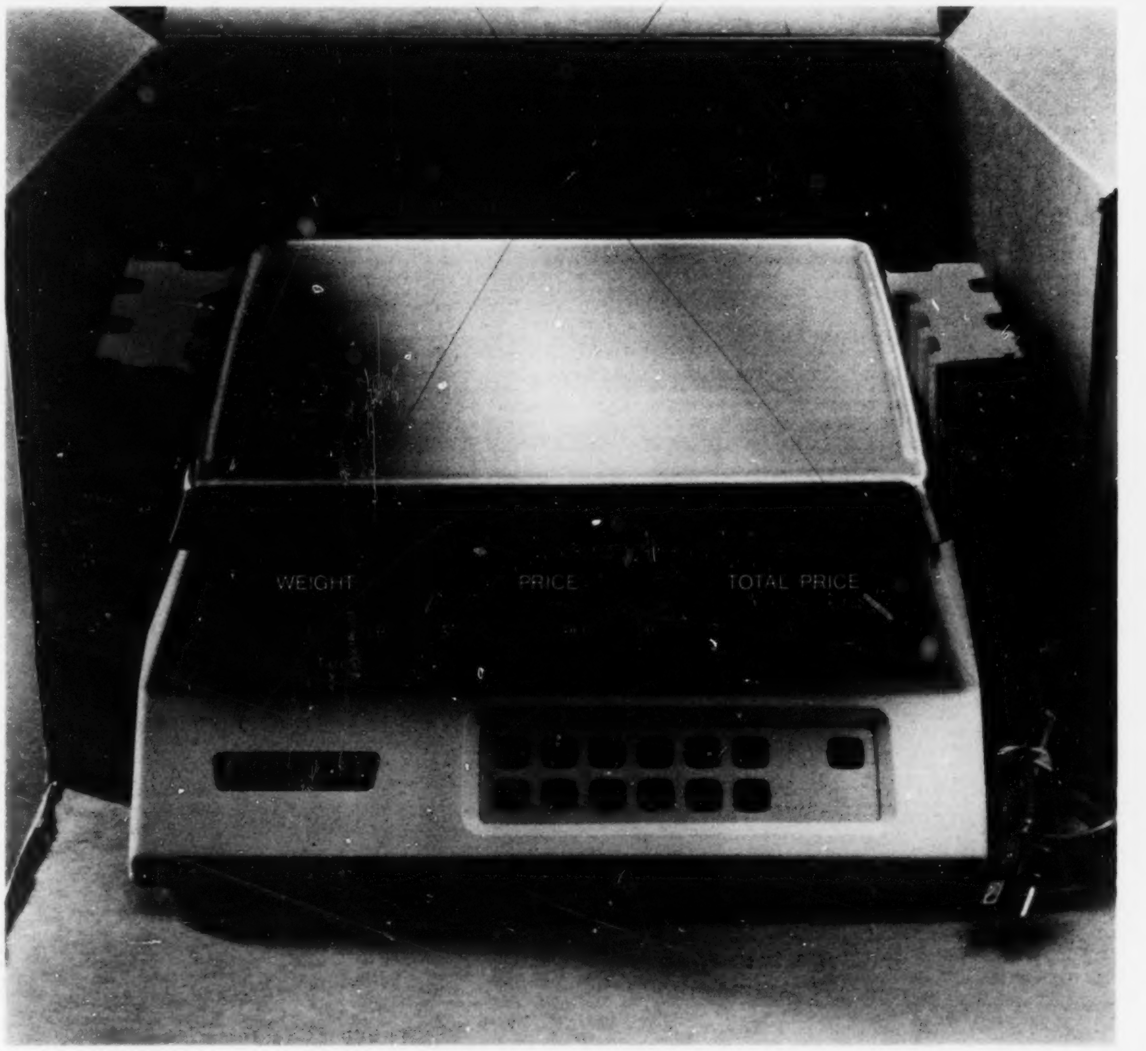


Creativeness In Supermarket Bakeries Keeps Sales Increasing

■ *Continued from page 73*

Buehring said he hasn't raised prices in the past year, but may have no choice now with the price of sugar going up so high.

Both Marsh and Cleveland chain execs said they haven't really raised prices or cut their staff. "We're only five years young," the Cleveland chain spokesman said, "and I've trained all my bakers from the start, so they've become more and more productive over the years."

Centre's Braunreuther said he too hires only skilled bakers, so there's not the constant need to keep training new people.

Another way Bráunreuther said he's trying to get around the high costs of everything is by buying more wisely. "We're buying more items direct and eliminating the distributor," he said.

Higgens of H.E.Butt said his bakeries are trying to be more efficient by tightening up operations and changing the product mix for profitability.

And Great Scott's Grennan told SB he would like to make one of his store's a 16-hour bakery operation where goods would be baked for three stores and delivered to two. This would cut costs three to four percent and increase productivity, he said.

All retailers agree, however, that lower quality ingredients are out of the question.

There seems to be little consumer resistance to higher prices, however, although retailers did indicate some trading down. Most of their customers are still willing to pay for quality, they told SB.

Brown did report, however, that people are buying less because they're eating less sweets and because families are just getting smaller. To compensate for this, he said, Tom Thumb bakeries sell half-cakes.

Braunreuther indicated that although there has been less consumption of baked goods in general, people are still looking for something to eat with their coffee in the morning.

"Instead of buying danish, which is usually more expensive, they'll buy sweet rolls instead," he said.

Great Scott's Grennan said Detroit's economy is depressed right now, being right in the heart of the auto industry. "When unemployment is like it is now at 17½ percent, buying habits change. Instead of buying that 91-cent loaf of bread, they'll buy the 39-cent one," he said.

Special occasions, such as birthdays, holidays and graduations, still bring out the loyal customers, though, reported Braunreuther.

Nutrition Gets More Attention

The fact that nutrition-conscious shoppers may buy less sweets has gotten retail bakers paying closer attention to consumer wants and needs.

For instance, H.E. Butt offers low-sodium, low-sugar and high-fiber goods. And, breads that are made at their central facility have calories indicated on the label, Higgens said.

In fact, many supermarket bakeries are re-designing labels to include calorie counts, although there was no evidence of any type of nutritional labeling except at Spartan stores.

Braunreather said Centre bakeries established nutritional baked goods long before it was a big deal. "All of our goods are made fresh, no preservatives and 100 percent natural. Salt-free and bran breads have always been available, here," he said.

"We just promote it more now and play it up to make consumers more aware that this is what they're looking for," he added.

Bakeries Continue to Grow

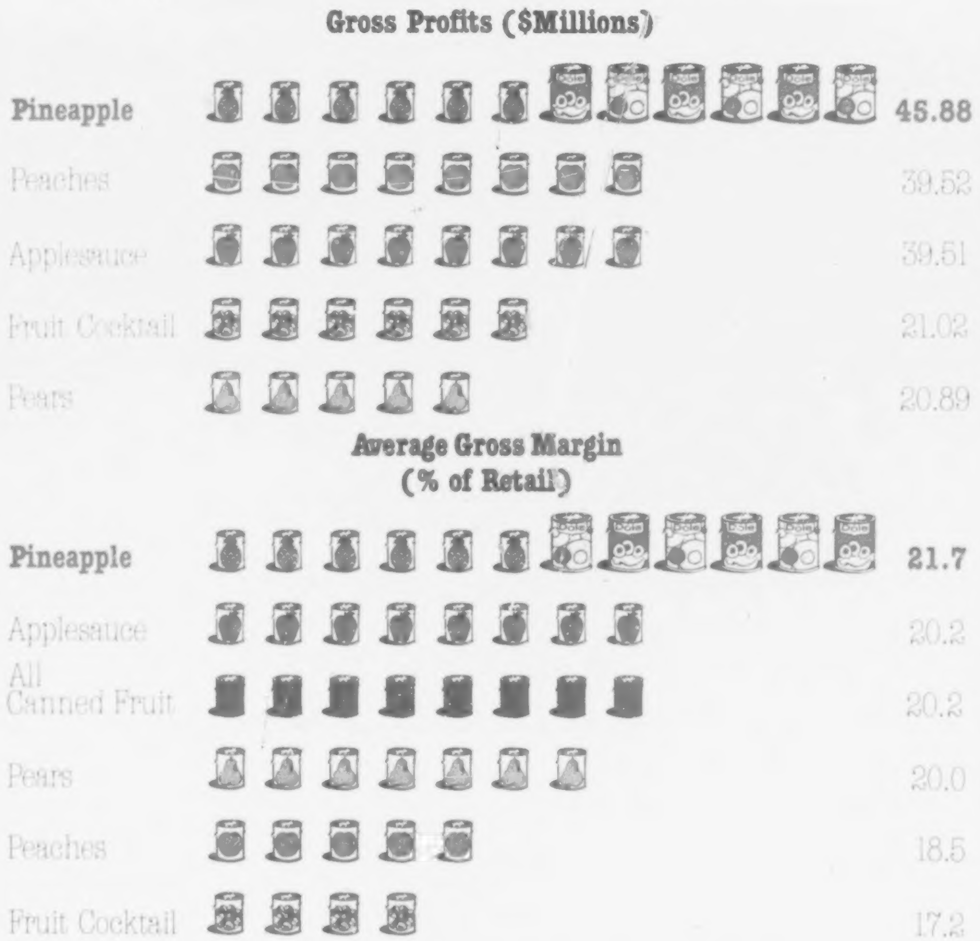
Although there is a wide difference of opinion on scratch and bake-off operations, most of the bakery operators indicated that a combination of service and self-service in the bakery is the best mix to get both impulse and high-ticket sales.

Many retailers are looking to their suppliers for help with department design, merchandising and trouble-shooting as well as for training and other technical services.

A few retailers have the added advantage of a central facility in addition to their bake-off and scratch bakeries. They feel they have the best of both worlds, because they can not only act as their own suppliers to the in-store operations but also provide packaged and harder-to-bake items.

The future for in-store bakeries seems bright. And retailers agree, whether it is scratch, scratch and mix, or bake-off, that freshly baked image and aroma can't be beat. ■

Again in 1979 Pineapple led all canned fruit in both Total Gross Profits and Average Gross Margin.*



And Dole accounts for almost half of all retail pineapple dollars. So be sure your canned fruit section is making maximum profits by stocking a full assortment of cuts and can sizes of both blue and yellow label Dole pineapple. They're the two top sellers in America.

Dole®

* Source: Chain Store Age — 1980 Supermarket Sales Manual.

Give Dole the shelf space it deserves and feature the pineapple pair that increases canned fruit profits.

Frequent Advertising, Manufacturer Allowances Bolster Cereal Sales During Past Year

by Allen R. Mundth, contributing editor

CORPUS CHRISTI, Tex.—New breakfast cereals with catchy names that appeal to nutrition-conscious shoppers moved from shelf to shopping carts quickly during the past year.

Cereal promotions, including one chain's breakfast-only advertisements, boosted cereal movement by as much as 50 percent in several stores throughout the country.

And though victim to the inflationary price spiral, cereal products maintained their stronghold in the breakfast shopper's market during the past 12 months.

Those views and many others were shared by a variety of grocery buyers throughout the country in recent interviews with SUPERMARKET BUSINESS.

Despite inflation-sparked price increases and the sometimes noisy introduction of alternative breakfast foods, buyers agreed that shoppers will continue to view cereal as a key element in menu planning, especially among families with children.

Buyers for several supermarket chains said frequent advertising of cereals—most often items included in manufacturers' deal allowances—helped to bolster cereal sales during the past year.

'Wholesome' Names Sell

Grocery buyers accustomed to a seemingly endless flow of new cereal innovations said products that featured wholesome-sounding words in their names did especially well in recent months.

Most often cited by buyers as good sellers were "Honey Nut Cheerios" and "Crispy Wheats 'n' Raisins" from General Mills, "Honey & Nut Corn Flakes" and "Raisin, Rice and Rye" from Kellogg's and "Wheat & Raisin Chex" from the Ralston Purina Company.

"There haven't been a lot of great-guns items, but these brands have held up real well," said Rick Pickering, buyer for 150 H. E. Butt Grocery Stores (Corpus Christi, Tex.).

In addition, bran cereals are doing better than many other cereals, Pickering said, perhaps because of national advertising stressing the importance of food bulk in the diet.

Buyers for most supermarket chains said they reviewed at least a dozen new cereals during the past year, and most of those reviewed were put on the shelves.

"When a cereal company comes out with a new product, we usually put it in," said Robert Linton, buyer for 75 National Tea supermarkets in Minnesota and Wisconsin.

"These established companies tend to know what they're doing," Linton continued. "They advertise these products well, and we would be wrong if we didn't let the consumer try them," he said. "They test market these items and they know they're going to sell when they bring them in."

Slow-Movers Scarce

Though pleased with manufacturers' regular introductions of new items, Joe Self, buyer for 92 Furr's Inc. supermarkets near Lubbock, Tex., said shelves in his stores are getting crowded with so many cereals that sell well. Like other chains, Furr's Inc. does not add a new cereal item without discontinuing an item. And according to Self, the slow-movers are becoming harder to find.

"We have so many good sellers already in stock, that we sometimes feel we're taking a risk in trying a new product," he said. "We always hope they do well, and they generally do."

Pickering said competitive pressures led to H.E. Butt's decision to increase shelf space for cereal in many stores during the past year, especially in newer stores where modifications were less costly and easier to make.

"We recently added more items in order to get more variety in our cereal selections," Pickering said.

"We looked at what the competition was doing, and as we opened new stores, we expanded cereal box sizes and selection to give customers a greater choice," he said.

Cereal shelf space was also increased during the past year at Fred Meyer Inc. stores near Portland, Ore., but not for new national brands.

Rather, the new space was filled with various private label cereals, which buyer Ed Corral says have caught on "very well" with a segment of consumers.

Prices of private label cereals average 15 to 20 percent below recognized national brands, Corral said, but the price breaks have not steered large number of shoppers to non-advertised brands.

Private label cereals introduced at Fred Meyer stores include corn flakes, sugar frosted flakes, raisin bran and Tastee-Os (similar to Cheerios).

Like other buyers, Corral said advertising is a key factor in raising cereal movement above the break even point.

He said cereal is featured at least once a month in newspaper advertisements for Fred Meyer stores, and sometimes once every two weeks. The results?

"They're gr-e-e-at!," says Corral.

Ads Boost Sales

"If we normally move 40 cases of particular cereal in one week, when we advertise it we'll move up to ten times that amount," he said. Most advertised cereals are those purchased on pass-through promotions from manufacturers, he added.

Occasionally a company will reduce prices by an equivalent amount on three or four different cereals, Corral said. When that happens, each item is mentioned in an advertisement with similar favorable results, he said.

Corral said his company's most successful cereal promotion in the past year involved an "all breakfast" advertisement, which featured only breakfast menu items.

"It was a theme ad," Corral recalls. "We tied cereal in with bacon, eggs, sausage, pancakes and other items and it was very successful. It's something we had never tried previously, but it is something we will definitely do again in the future," he said.

Advertisements featuring reduced prices on cereal are often, but not always, tied in with end aisle displays in Fred Meyer stores, Corral said.

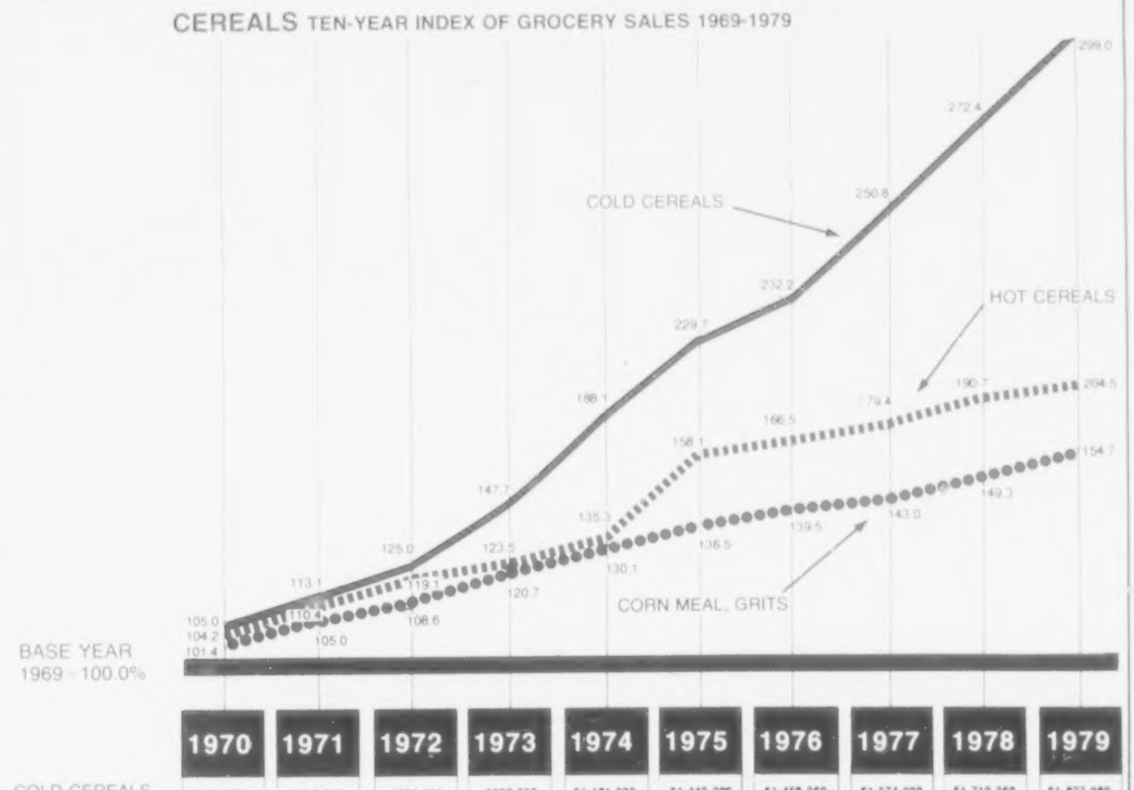
He cautioned, however, that advertised cereal prices sometimes drop excessively low—sometimes lower than the stores' cost for the product.

End-aisle displays are of course not used in those instances, Corral said. But they can be very effective in some promotions, such as the breakfast-only theme ad, he said.

The amount and type of backing a company provides is the key factor in deciding whether to try a new cereal, said Self, buyer for Furr's Inc.

"If it's a totally new item, we'll look at what the company is doing to put the product in front of the consumer," Self said. He listed television and magazine advertising, plus coupon promotions, as the three major types of support most buyers seek.

Corral concurred with Self, saying "it really depends on what kind of promotional support they have behind it (the new product). We want to know how much TV, newspaper and coupon support they're going to give it." ■


CEREALS TEN-YEAR INDEX OF GROCERY SALES 1969-1979

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
COLD CEREALS	$659,200	$710,560	$784,920	$927,250	$1,181,320	$1,442,390	$1,458,260	$1,574,920	$1,710,360	$1,877,980
CORNMEAL, GRITS	$103,000	$106,600	$110,320	$122,580	$ 132,140	$ 138,610	$ 141,660	$ 145,200	$ 151,590	$ 157,200
HOT CEREALS	$112,790	$119,510	$128,950	$133,730	$ 146,570	$ 171,190	$ 180,260	$ 194,320	$ 206,560	$ 221,430

(Add 000)

CEREAL SALES IN SUPERMARKETS increased 9 percent in 1979 to $2.3 billion. These figures account for 1.28 percent of total grocery store sales, a drop of .02 percentage points from 1978, according to SUPERMARKET BUSINESS's 33rd annual Consumer Expenditures Study. Cold cereals again paved the way for most of the increase, jumping 9.8 percent in 1979 to sales of $1.9 billion. Corn meal and hominy grits had the least dramatic rise in the cereal category, showing a 3.7 percent increase to $157.2 million.

Family Packs Help to Keep Meat Tonnage Up As Price-Conscious Shoppers Hunt for Values

Service Also Builds Sales

Responding to shoppers' special requests quickly is another way that chains like Tom Thumb (Dallas) are trying to battle the effect of inflation on meat sales.

■*Continued from page 1*

has to have an effect. Feed costs will rise; then the costs of raising animals. I don't see any end to rising prices in the near future."

Most of the execs said they merchandised family packs aggressively to keep meat tonnage from slipping too much. Many also reported using or experimenting with triple-deck meat cases to display more product within available or even reduced floor space.

Other trends they noted included:

- Sales in chopped beef have taken flight in some stores as poultry prices have also begun to shoot up.
- Fish has been getting a bigger play in some markets, while in others higher fish prices have kept sales from expanding.
- Some stores have found a healthy market in sides of beef for freezers.

But it was the increased pork and poultry volume that most execs commented on.

Hillman's John Stern said the 11-store chain has been selling a lot more poultry as a result of beef price inflation and predicted the trend would continue.

Carmine Venezia, vice president, meat operations, Mayfair Super Markets (Elizabeth, N.J.), agreed that "poultry will continue to grow. If the beef market continues to rise, poultry will outsell beef." However, Mayfair had tried breaded and precooked chicken, and it flopped. "It didn't move," said Venezia, "and we dropped it."

Foodarama's Robert Condon reported that the chain had even changed the configuration of its meat cases to take advantage of increased shopper interest in poultry. "We lead in now with poultry instead of beef," he said. "Beef is now put in the middle."

On the other hand, Craig Kessler, meat buyer for Fred W. Albrecht Grocery Co. (Akron, Ohio), said "chicken is slowing down" as prices for poultry have been moving up.

Family Packs Grab Hold

Most of the execs said family packs had become an entrenched feature of their meat merchandising program.

"Family packs have really grabbed hold," said Mayfair's Venezia, who added that the 38-store chain has been doing well with three-and-a-half to five-pound packages, despite the fact that no discount is offered on the larger sizes.

"Family packs do good business," reported the meat buyer for a large Western chain. At that company, where meat and poultry account for 24 percent of store sales, prices for the larger packages are discounted from five to 10 cents per pound, the buyer reported.

At Minyard Food Stores (Dallas) meat buyer Aubrey Bilbrey said family packs — "particularly pork chops" — do well. Minyard's offers customers a nickle off per pound on those packages.

Family packs take up one whole shelf of a triple deck case at Fred W. Albrecht's 23 stores, Kessler said. Albrecht also offers a nickle off per pound.

Gerland's Food Fair (Houston) also does quite a thriving business in family packs, meat buyer Wayne Swift reported. There, discounts are usually 10 cents per pound.

Besides family packs, meat buyers turned their attention to other kinds of products to keep tonnage as high as possible.

Mayfair's Carmine Venezia said he had added Mexican and Portuguese meat in ethnic areas surrounding some of the chain's 38 stores. "But not in suburbia," he added. Venezia also said the company had advertised meats for fondus and beef kebabs.

The meat operations exec reported that the chain had "just started to get into fish. It's pre-packaged and we carry everything that sells." Items include pan-ready mackeral, bluefish and trout. "Filets are the biggest movers," he said.

Venezia said people are moving more to chops and rounds, "especially in summer. The trend this year is to boneless steaks. It's a steak you can have on the barbecue."

Surprisingly, he said veal has held steady in volume, despite its high price. "It's a beautiful product," he said. "It may drop in sales if the recession continues, but it's not really a problem right now."

Average size of Mayfair's meat departments, where inventory turns every 10 days, is 85 to 90 feet, Venezia said, "but we're looking to increase in new stores up to 110 feet."

Gets Strong Ad Push

Foodarama has tried to counteract the threat of slipping meat sales with strong price advertising, according to Condon.

"We've tried to be as aggressive as we can in our ads," he said. "We've also done a lot of sign work with sale items, and we use an in-store message repeater."

Condon said sales of items featured in circular and newspaper ads increased "maybe 15-20 percent."

"We've embarked on a heavy fish program," Condon added. "Shop-Rite fish is government inspected and approved. It's given a shield. We play this up in ads."

Gerland's Food Fair is also selling "quite a bit more fish now than we used to," Wayne Swift said, "we look for that to increase." He also said the chain has begun to merchandise items "you don't normally consider red-meat perishables, like corn dogs and tortillas." The strongest leader in red meat, he said, is carcass beef.

Gerland's meat departments average 100 feet, he said. Some have triple shelving, others don't. New or remodelled stores might get more, he said. "It depends on the neighborhood. More affluent neighborhoods will get larger space for meats."

Hillman's also uses a strong ad push to attract customers to its meat departments. John Stern reported that the chain heads all ads with meat sale items. "Every four weeks we run a 97-cent sale on one of eight to 10 items," he said.

"Sales usually increase volume from three-four times to ten times," he said. "Five isn't a bad average."

The chain also gives away thermometers with larger cuts of meat. The thermometers pop up when the meat is done.

Hillman's meat departments, usually 75 linear feet, are set against the back wall of the chain's stores. "In the future, space cutbacks will come by changing to triple deck cases," he said. "In two new stores with this setup, we have about 60 feet. Consumer response has been okay, although it's harder to merchandise." ■

High Cost of Soft Drinks Prompts More Deals, Store Promotions as Shoppers Hunt for Bargains

■ *Continued from page 1*

tinues to gain as a popular package choice.

But the rising cost of soft drinks—and ways to maintain or improve sales in light of recent hefty price hikes—was the grocers' number one concern. They blame the price increases on bottlers' rising sugar, labor and transportation costs, and say the higher prices are beginning to soften sales.

Inflation has affected soft drink prices "to a considerable extent," says James Drummond, general manager/grocery buyer, Maloley Bros. Super Markets (Fort Wayne, Ind.).

"We've seen two raises this year totaling 15 to 20 percent," Drummond claims. "There's been some consumer resistance. They're more attracted to the sale items, and they'll stock up on these."

To capitalize on this trend, the 16-store chain features weekly specials on returnable bottle beverages. Typical price break is 60 cents off the regular selling price of an eight-pack of 16-oz. bottles. Because of these specials, the 16-oz. bottle is the chain's most popular glass soft drink package.

Overall best seller, though, is the six-pack of 12-oz. cans, Drummond reports. "We also have private label 12-oz. cans that cost about 20 cents less, but they haven't hurt the national brands," he adds.

Another supermarketer who bemoans the high cost of soft drinks is Jules Rose, chairman, Sloan's Supermarkets (New York City).

"The soft drink market has been affected by price and the concept of nutrition. We've seen the two-liter bottle go from 59 cents to $1.09—fruit juice is less expensive," he claims.

"When you break the 99-cent barrier on pricing, you can decrease sales by as much as 30 percent; there's a distinct slowdown," Rose says.

More Deals Abound

To put the sparkle back into soft drink demand, local bottlers are stepping up their promotional activities, according to the beverage buyers. Much of this revolves around "deals," or invoice allowances.

"There's been a noticeable number of deals on soft drinks, such as allowances of one dollar per case," says Bob Gee, DSD buyer, Foodarama Supermarkets (Freehold, N.J.). "As prices get higher and higher, the deals get stronger and stronger."

Tom Rich, DSD Buyer, Shaw's Super Markets (South Portland, Me.), was even more candid: "Allowances have become more competitive...it's a real dogfight!"

Grocers are using these allowances to lower prices on selected items for a specific length of time, usually a week or two. But for some shoppers, the discounts don't go far enough. These consumers rely on private label soft drinks to quench their thirst, retailers say. As a result, most grocers report significant sales gains for their house brands.

"We've been selling a lot more private label soft drinks, about triple our normal volume," says the direct vendor coordinator for a Kansas chain. "This category is getting bigger and bigger."

A comparison of private label and national brand prices shows why.

Regular price at Foodarama for its two-liter private label bottle is 89 cents, versus $1.49 for the national brands. A private label six-pack of 12-oz. cans at the Kansas chain retails for $1.49, while the national brands cost $2.25. And Hy-Vee Food Stores (Chariton, Iowa) offers its customers private label soft drinks for 15 cents a can, says buyer Bernard Frazier.

Cola Remains King

Cola is still king of the soft drinks, but the retailers report greater sales gains for the non-cola flavors. Best sellers include citrus, lemon-lime, root beer and orange varieties.

New product introductions and increased advertising support are helping these flavors, the beverage buyers say.

Most frequently mentioned new product is Mello Yello, a lightly carbonated citrus drink from The Coca-Cola Co. In retaliation against the Mello Yello sales push, The Pepsi-Cola Co. has launched a new advertising campaign for its long-time citrus entry, Mountain Dew. Both products are selling well, according to food retailers.

Another star on the soft drink horizon is Sunkist and Diet Sunkist orange soda. "Sunkist has made a pretty good claim on the orange soda market," says Shaw's Tom Rich, typifying comments made by the other buyers on the growth of this flavor segment.

Sprite, 7-Up and Dr Pepper also are meeting grocers' sales expectations.

Product introductions and persistent advertising are creating more consumer interest in bottled water. Retailers continue to boost shelf space, but fear that too many brands may weaken the category's growth.

"We display roughly eight to 12 brands," says Foodarama's Bob Gee, "but I can't see carrying more than four or five brands. Perrier is the clear-cut leader, because of its advertising, but Montclair is holding steady, and Canada Dry club soda is doing well," he claims.

At Sloan's, "soda water, especially Canada Dry, has shown a vast increase," says Jules Rose. "Seltzer is a sleeper...we move ten to 12 cases a week per store, and it's not advertised. Saratoga and the old standbys are still around and doing very well, but the big winner in volume has been private label."

Powdered soft drink mixes also are becoming more familiar to shoppers. Besides offering a greater variety of flavors, the mixes sell at one-half to one-third the price of bottled soft drinks, the retailers report.

"The mixes have been tremendous in the summertime," the Kansas grocer claims. "A large canister sells for $1.79 to $2.59, depending upon the deal—suppliers sometimes offer huge allowances, like five dollars a case.

"They got a chunk of the soft drink market when they came out, but they haven't really hurt sales of carbonated beverages. The best selling item is the large canister, because the price per ounce is cheaper, and the shopper always has the mix on hand," he says.

Grocers Cut Slow Movers

Despite the proliferation of new products, most grocers told SUPERMARKET BUSINESS they're reluctant to expand the amount of space devoted to soft drinks. Instead, they'll cut slow-moving brands, flavors or package sizes.

One exception to this practice is seasonal expansion of the soft drink section, usually during summer.

In general, though, soft drink sections ranged from 30 to 80 feet of gondola, with end-cap displays used for featured specials bought on deal.

Cross-merchandising soft drinks with snack foods and other merchandise is a common sales-boosting technique, the buyers say. Again, summer is the time they pay the most attention to their beverage sections.

Farmer's Market (Sacramento, Calif.) displays outdoor cooking supplies with its soft drinks, says grocery buyer Ben Hom. The same tactic is used by Hy-Vee Food Stores, according to Bernard Frazier.

In addition to its summertime cross-merchandising, Shaw's features a winter display that couples mixers with snack crackers, says Tom Rich.

To entice shoppers to buy soft drinks, it pays to advertise, the grocers agree. Running an advertised soft drink special can boost sales substantially, the buyers claim. In fact, the Kansas grocer moved 15 weeks' supply (35,000 cases) of a product following an ad.

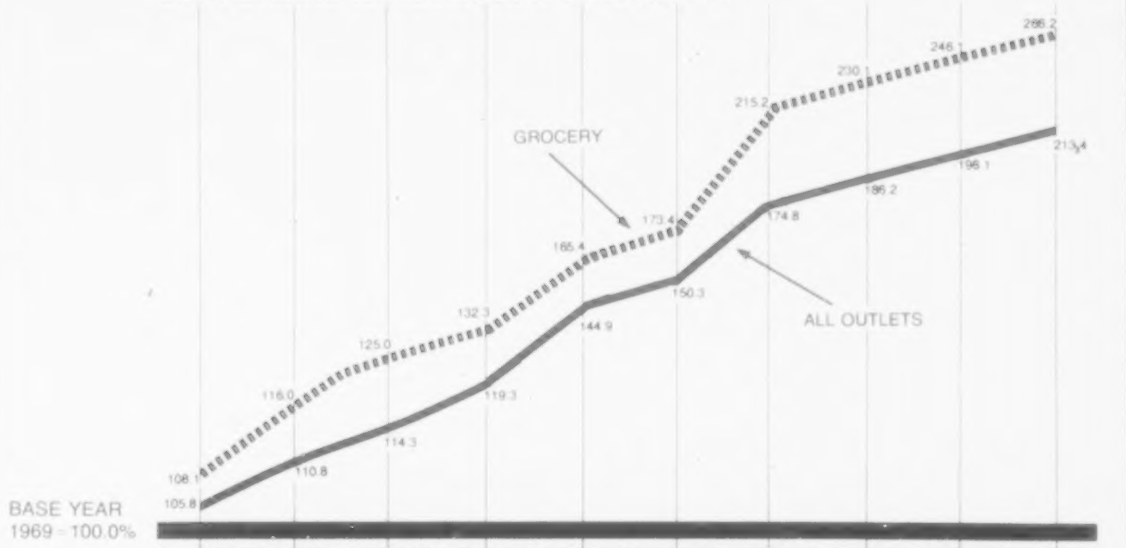
Another noteworthy trend: Shoppers' penchant for diet soft drinks continues unabated, despite the continuing controversy over saccharin.

"Concern over saccharin's safety has fallen by the wayside," says Foodarama's Bob Gee.

Consumers' growing demand for more economical soft drinks is making the two-liter plastic bottle an extremely popular package, the retailers say. Although not yet bought in the same quantity as 12-oz. cans and 16-oz. bottles, the two-liter (67.6 oz.) container is the fastest growing package type.

Bottlers are turning to it because its large size and light weight make it less expensive than glass to fill and ship. And shoppers like it because it's easy to handle and offers beverages at a lower cost per ounce. ■

SOFT DRINKS* TEN-YEAR INDEX OF SALES 1969-1979



	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
ALL OUTLETS	$3,746,680	$3,922,770	$4,049,730	$4,226,560	$5,131,840	$5,323,210	$6,192,680	$6,596,140	$7,016,390	$7,568,350
GROCERY (Add 000)	$1,783,850	$1914,370	$2,063,890	$2,184,390	$2,730,750	$2,861,890	$3,552,560	$3,799,120	$4,062,530	$4,395,260

*Includes powdered drinks

CANNED DIETETIC SOFT DRINKS enjoyed highest percentage gains in dollar volume for the soft drink category this year, jumping 13.8 percent in 1979 over 1978, according to SUPERMARKET BUSINESS' 33rd annual Consumer Expenditures Study. Translated to dollars, consumers spent $350.3 million for canned diet soft drinks in grocery stores this year.

FOCUS: SNACKS

Retailers Push Large-Size Snack Packages; Also Stress Cross-Merchandising, Promotions

by Anne Krueger, field editor

NEW YORK CITY—Cross-merchandising, stepped-up promotion and in-store pushes of jumbo-size packages and less expensive private label products are strategies aimed at keeping the supermarket snack section ahead of the inflationary crunch that's playing havoc with other impulse categories.

For several retailers interviewed by SUPERMARKET BUSINESS, these tactics have worked to keep price-conscious consumer resistance to a minimum, and in some instances, have even hiked snack sales to new record levels.

Other snack trends revealed by supermarketers include:

- the slow death of canister type packages;
- the increased consumer interest in nuts as nutritious snacks;
- and the reliance on the "classic workhorse" box snacks to keep the rest of the declining category vital.

vanilla wafers
club CRACKERS
nacho cheese
Fig Bars
Oatmeal
TUC
DIETETIC

CLASSIC SNACK CATEGORY 'WORKHORSES'—wheat crackers—continue to keep category sales at acceptable levels.

Jumbo Packages Gain Fans

Potato chips maintain their status as the most popular snack this year, retailers reported, and manufacturers responded with new jumbo one-pound bags, which immediately became a snack hit.

Retailing for somewhere around $1.89, the new bags, first offered by Frito-Lay, offered regular and ruffled potato chips. "I think it was very clever of the manufacturers to do it this way and go to the 'suitcase' size bag," a spokesman for a mid-size midwestern chain reported. "We've been getting some resistance to the 99¢ price tag on our regular sized chips and other snacks. I worried that when that price jumped to $1.09 and above, sales would plummet. By skipping that step and going to the jumbo size, our customers perceive this as a value now—more quantity for their dollar. I don't know if it is a value for them, but they're selling as fast as we put them out when displayed at a front aisle end."

Potato chips are still "flying high" at Harold's Super Markets (Vincennes, Ind.), according to manager Rollie Helmling. "We don't have any boxed chips, just flexible bags. Frito-Lay and private label chips do the best for us. We're especially impressed with the sales of private label, which, at 20¢ below the national brand offering, sell a bundle."

At Harold's, the new one-pound chip package from Frito-Lay prompted an expansion of the store's snack department to about 39 feet.

"We introduced the one-pound bag at a discount about six months ago and they sold very well," Helmling reported. Canister snacks have declined and pretzels are just "plugging along," he said.

At the midwest chain, though, pretzels are a popular customer buy and are often chosen as a front-of-the-store feature and advertised at a discount with a beer special, the spokesman said. "I wouldn't like to say exactly how much our sales increase because of this kind of treatment," he said, "but it's a lot. I don't want to say, either, that people in this area drink a lot, but there's a great thirst for beer around here and that certainly aids our snack department."

Beverages & Snack Sales

Placing the snack category across or adjacent to the beverage section is a traditional retailer standby for keeping snack and beverage sales high. Another tactic, used at B&L Supermarket (Houma, La.), is to place individual small packaged snacks near the store's deli area.

"We put the Frito-Lay, Thoms, Lance chips and other small snacks within an arm's reach of the deli counter. We have a big lunch crowd for our specials and the nearby snacks sell well," reported Manager Dan Bouquet.

At B&L, snacks are also cross-merchandised in the candy department, and with cookies.

Nuts are another snack that, when combined with the store's beverage department, inspires customer impulse purchases, Bouquet said.

"We feature eight feet of nuts next to our drink mixes section right around the corner from the liquor. This includes salted nuts, canned, dry roasted, etc. It's also on the back side of the candy aisle so we don't miss the candy buyer's nut purchases," he explained. Once a month nuts are advertised with beer at B&L, he added.

At a West Coast supermarket chain, nuts have long been a popular snack, the snack buyer reported. "They're perceived as being healthy and protein-filled and that sort of thing," he said. "Anything like that appeals to our shoppers around here, whether the nuts are 2,000 more calories than anything else doesn't matter, they *think* they're buying a nutritious and healthy snack. Bags of loose peanuts are outselling all the rest, although dry roasted and smoked nuts are standbys."

At Harold's, four feet are devoted to nuts in the snack section of the store and six to nine feet are allotted to nuts in the baking section.

"Nuts are stronger than ever," Helmling said. "The salted and dry roasted, as well as the cocktail nuts, go in the snack section and sales are right up there with potato chips. In the baking section we place the unsalted nuts."

Canisters Die Slow Death

Canister packages of processed chips and other snacks don't have the followers they once did, retailers report; many don't carry them at all anymore.

"We still have the canister snacks but sales have slowed way down," reported Mike Compton, of Compton's Markets (Nashville). "When companies advertise more nationally, that's when we really see a sales increase," he said.

Variety is still important to the snack buyer, retailers said, and that's why some maintain a full selection still featuring slow-moving canisters and box snacks.

And while some box snacks are little better than "dogs", the classic category workhorses—Triscuit and wheat crackers—continue to keep category sales at acceptable levels.

"Box snacks are amazingly still selling despite their higher price for a smaller package," reported Tom Schultz of Schultz's Market Places (DeForest and Marshall, Wis.).

"About thirty percent of our stores' box snack sales comes during the month of December during the big holiday season," he said. "Overall, box sales have slowed a little but not significantly. And if we can make a bigger push on the category in conjunction with the party trays we offer, we'll be in good shape," he said.

Schultz's has made a name for itself by building and selling trays which feature raw vegetable combinations and cheese and sausage combos, both cracker complements.

Despite good sales throughout Schultz's 48-foot snack department, Schultz has noticed customers will opt for the sale item over their standby. "People commonly buy chips, but will cross over to Doritos or that kind of snack during a sale. Pretzels is a hard sell. It's very hard to get people to cross over to pretzels even during a sale. The sale may just get the traditional pretzel buyer to buy more and that's about it," he said.

Mexican or spicier snacks have caught on, partly because of the number of new Mexican restaurants in the area, Schultz said.

This is also true, according to the midwest chain spokesman. "Snacks with a Mexican flavor have sold like crazy in the last two-three months," he reported. "To take advantage of this, one of our people did what we thought was some pretty clever cross-merchandising. We displayed plain Dorito chips above the sharp cheddar cheese section in the dairy. Alongside the cheese we placed bottles of taco sauce and black olives (all high-margin products, he said) and had a little sign that said, 'Build your own nachos'."

At first several people weren't sure how they were supposed to build nachos or what they were, but the products sold and the trend caught on, he said. "Now we're thinking of placing jars of peppers there also, and maybe cheese graters," he said. ■

Sales and Tonnage Up in Produce Departments; Consumers Going Back to Basics with 'Fresh'

by Peggy Odenbach, associate editor and Eric Menkes, contributing editor

NEW YORK CITY–Creative produce merchandisers have helped to increase sales not only of their produce departments, but of other grocery-related items as well.

How? Their secret isn't so new, but innovativeness with tie-ins this past year has given retailers that extra oomph! From cross-merchandising tea with lemons to ham with sweet potatoes, retailers are finding that produce tie-ins are getting their customer's attention and increased impulse sales.

This is the impression SUPERMARKET BUSINESS gathered from discussions with produce buyers and merchandisers for chains operating over 1,000 stores across the country.

Other techniques which have contributed to increasing impulse sales, retailers told SB are:

- Department location;
- Sampling of cut fruit;
- Holiday fruit and nut tie-ins;
- Squeezing fresh orange juice;

Produce Up Front Nabs Sales

Locating produce departments near the front of the store, most retailers agree, definitely get those impulse sales.

The produce department in Hannaford Bros. stores (South Portland, Maine) is the first stop in the market, according to David Diver, produce merchandiser for the 76-store chain.

"We have the opportunity with produce to influence the consumer positively or negatively," Diver said. "It's the glamour department of the store. It can show the great vitality of the store, and lots of impulse buying is done here."

The produce buyer for a large California chain is in accord with Diver. "We'd like to have produce departments closer to the front end. "Where else can you make a better image tnan with a nice-looking produce department," he said.

Publix Super Markets (Lakeland, Fla.), however, locates its produce sections near the meat department. "This is a convenience for the customer," said Al Brock, director of produce operations for 157-store Lakeland division. By locating the department last, he continued "the customer can shop for perishables last and put them on top of the cans in the cart."

Customers Sample Fruit

Sampling is being tried in some produce department these days, retailers told SB.

Said a produce merchandiser of a medium-sized southeastern chain, "We merchandise new items with samples and displays. During the holiday season we tie-in fruit cakes and nuts with produce.

"And we always have tie-ins with meat, such as corn beef with cabbage," he added. Other cross-merchandising by this chain included salt and vinegar with cucumbers.

Borman's (Detroit) also samples occasionally, said Ed Bobrowski, produce buyer for the 82-store chain. But impulse sales are nabbed with cross-merchandising, such as teas with lemon and cream toppings and shortcakes with strawberries, he said.

Demonstrators sample products in produce departments of the large California chain, according to the spokesman. Orange juice is also freshly squeezed, here.

"The idea is to keep the machine running all day so consumers see and smell the fresh orange juice," he said.

Publix's Brock said he employes all standard promotion techniques such as special features, special displays, holiday tie-ins and p-o-p materials.

Some of the cross-merchandising techniques Publix stores have tried include vanilla wafers with bananas, dessert shells with strawberries and ham with sweet potatoes.

Customers who shop Publix Super Markets can also sample fruit and sometimes demonstrators are available in the produce department, Brock said.

Most chain execs SB interviewed said they advertised produce in newspapers as well as on the radio and television.

The response to advertising has been good for some chains. Publix's Brock said sales in his produce departments increase three to five times on the item advertised during the advertising.

The California chain also advertises on billboards, although the spokesman did say TV advertising is the most effective.

"We're in the midst of an aggressive ad campaign," he said, "and we're concentrating on fresh produce.

"Fresh produce is an area where you have to give value." Sales in his produce departments, which bring in a shade under 10 percent of the store sales, are increasing and will continue to grow, he said. Produce, he claims, is competing with the non-food and liquor departments in his stores.

"We're coming back to the basics. Up until now, frozen and fast foods have taken some of our business, but we're returning from that," he added.

Unlike some companies, this California chain reports lower produce prices. "Produce has had a deflationary factor because produce is so cheap. Costs have come down because we have more supply," the spokesman said. "There was an over abundance of produce last year which as a result lowered prices," he said.

Produce Sales Continue to Grow

Both sales and tonnage over the past year have increased, retailers told SB.

"Sales have increased over the last few years and will continue to grow, given normal climactic conditions," said Hannaford's Diver. "This is a period of intermediate growth. Tonnage is up, too. I think the consumer is becoming much more aware of fresh fruits and vegetables.

"Inflation has affected prices, however. In the first quarter of this year, the increase in tonnage was slightly bigger than the increase in sales. Thus we had negative inflation (compared to sales one year before). Now, we've got a bit of positive inflation," Diver concluded.

Sales and tonnage increases have also been reported at Lucky Stores (Buena Park, Calif.), according to Gus Tamer, vice president, head produce buyer for the 123-store chain. "I foresee sales increasing in the coming year. More people are leaning toward fresh. They're more health and weight-conscious," he said.

Inflation hasn't really affected sales at First National Supermarkets (Windsor Locks, Conn.), according to Perry Broussard, vice president, produce buying and merchandising for the 269-store chain. "Sales have been pretty constant and I see them increasing because of the trend toward natural and fresh," he said.

In Publix's produce departments, which bring in over 10 percent of the total store sales, produce sales have been very good and are expected to increase in the next year or so, said Brock. He said it is hard to tell about the effect of inflation, but that prices have gone up.

Tonnage in Borman's produce departments, which bring in about seven to eight percent of the total store sales, has stayed the same, according to Bobrowski. And inflation has also affected prices there—"Prices have been constantly high," he claimed.

At Preston-Safeway stores (Indianapolis, Ind.), sales and tonnage have been on the increase in the produce departments, which bring in slightly under seven percent of total stores sales.

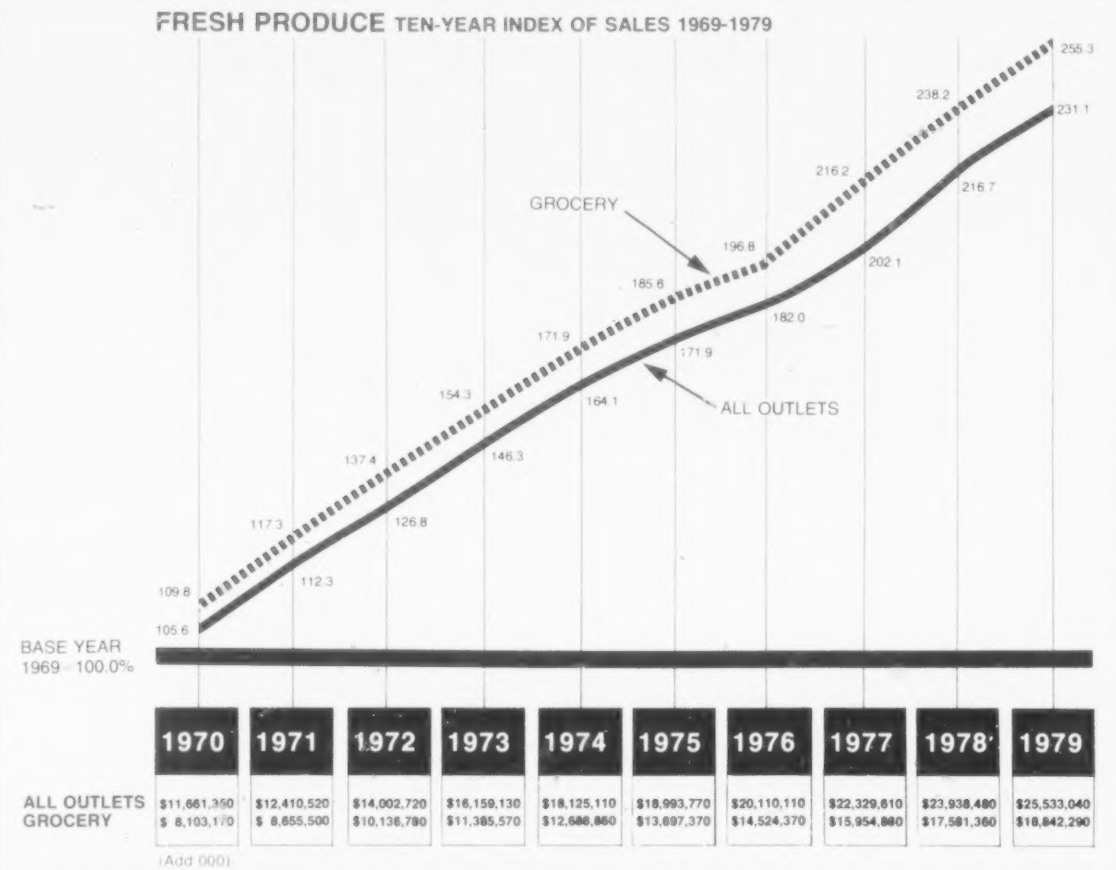
"But inflation has forced us to raise prices," said Ernest DeFabis, vice president and produce buyer for the 16-store chain.

"At first there was some consumer resistance, but now there's more acceptance," he said.

Beef-eaters Turn to Produce

Have rising beef prices affected sales in the produce department?

The southeastern chain spokesman believes the high price of beef may be turning more shoppers to produce.



FRESH PRODUCE SALES IN grocery stores increased 7.2 percent from 1978 to 1979, according to SUPERMARKET BUSINESS' 33rd annual Consumer Expenditures Study. Fresh produce sales hit $18.8 billion in 1979. Sales of bananas alone had the highest increase in the produce category with a 10.6 jump over the previous year. Sales of other fresh fruits rose 14.8 percent in 1979 while citrus fruits rose 9.1 percent. And, fresh vegetables, other than potatoes, rose 4.1 percent over 1978.

"Produce is still very reasonable," he said, "and the health kick is also helping produce sales."

Borman's Bobrowski believes beef prices make a difference in the produce department. "Beef sales bring a demand for lots of potatoes and vegetables. Today, the shopper might go for all vegetables," he said.

Hannaford's Diver, however, said, "I don't know—I can't visualize a lady replacing a chuck steak with a canteloupe."

Retailers are merchandising more natural foods in their produce departments, merchandising execs reported.

Borman's carries dried fruits and nuts and other natural foods. All the items are packaged except during the holiday season. "There's a greater need for variety in nuts then, so we sell nuts in bulk," Bobrowski explained.

Health foods are selling well in the California chain's produce departments, according to the spokesman. Snack packs have also been added, he reported.

Publix stores merchandise packaged nuts only during the holiday season because Brock feels sales are not good enough for all year round.

Broussard said First National stores merchandise packaged nuts. "We don't merchandise them in bulk for health and sanitary reasons," he said.

And Hannaford's merchandises packaged nuts because there is a strong brand identification in that area, according to Diver. But he did say bulk nuts are sold too.

Predicts More Bulk Selling

Differences still remain as to which merchandising method, bulk or pre-pack, is best in the produce department. But most retailers told SB they see the bulk method prevailing in the future.

First National Supermarkets uses a combination of bulk and pre-pack, but Broussard sees the trend moving toward bulk because of the lower labor costs and the high cost of pre-packaging materials.

The southeastern chain spokesman also believes there may be a trend towards bulk. "Bulk lets the customers choose what they want," he said.

The California chain spokesman said his stores are mostly bulk-oriented. But "the customers deserve a choice," and his stores do have some pre-pack items, he said.

Hannaford's Diver said, "We work 95 percent bulk. Consumers in this area want to select. Family sizes are smaller and consumers want to pick smaller amounts. With pre-pack, the packaging wasn't right for the size of the family. High quality and larger size produce sell better in bulk than they do packaged."

Differences in opinion as to scaling in the produce department versus the front end still exist also. The majority of the chain execs, however, have front end scaling and some retailers have a combination of both.

Diver feels scaling in the front is most efficient for the customer because he or she doesn't have to wait in line in the department.

First National stores, however, use only department scaling. "It allows someone to be in the department to greet the customers and answer questions," Broussard said.

Borman stores have both. "We provide a choice for our customers," Bobrowski said.

Other trends that emerged from the interviews were the increased sales of exotic produce and the growing number of floral departments in supermarkets now.

Exotic produce has become quite popular in many supermarkets around the country. In many cases, it has become part of the consumers' regular produce purchases.

Exotic fruits, mangos, kiwi fruits, papayas and oriental vegetables are available at all of the California chain stores, said the spokesman. In fact, "papayas have become an everyday staple item as far as we're concerned and are available 365 days a year," he said.

Lucky's Tamer said, "Exotic foods are consistently becoming more popular. Kiwi fruits have increased maybe 20 to 30 percent. Mango and papaya sales are also increasing."

"More and more people," Tamer said, "are experiencing what used to be delicacy fruits. To some families these are now a regular part of their shopping lists."

An increasing number of supermarkets are adding floral departments to their produce sections, retailers told SB.

"Flowers are doing very well. I don't think we've reached the peak yet, but we're devoting more square footage to it," said the California chain spokesman. However, "I don't think anyone comes into the market specifically to shop for flowers," he added.

First National's Broussard and Publix's Brock said their floral departments all make profits and that they're never loss leaders.

And what does the future hold for supermarket produce departments?

All retailers seem to agree the trend in the produce department is increased sales of the basics—natural, healthy and fresh foods.

But, "it will depend on having an adequate supply of good quality produce," said Hannaford's Diver. "The products that are now of limited supply must maintain high quality and consistency," he added.

Publix's Brock summed up: "The upcoming trends in produce are what we've always had to offer. The shopper wants three things: nutrition, convenience and natural foods. We've had all three for years.

"Advertising has to be geared to this. You'll see increased advertising for produce. It takes five minutes to make a salad. The consumer has to be reminded of that. I think produce sales will boom, but it will need more advertising," he concluded. ■

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Pet Food Sections Win Additional Space, As Grocers Make Room For Wave of Products

by Ellen Freilich, contributing editor

NEW YORK CITY—The seemingly nonstop introduction of new products has caused many retailers to increase the amount of shelf space allotted to pet food during the past year.

Benefitting from the boom are dry varieties of dog and cat food, which are carving market share from canned and semi-moist products. That's because the dry foods make up the bulk of new product introductions and are generally less expensive.

Promotional support from suppliers such as Carnation, Quaker Oats, General Foods and Ralston Purina reportedly makes taking on new products worthwhile. These items are promoted extensively, with heavy television advertising, couponing and invoice allowances.

But the influx of new products is causing retailers to scrutinize their pet food sections and remove items, flavors and sizes that aren't holding their own. The pet food boom is also responsible for more experimentation with private label and generic products.

This was the picture drawn for SUPERMARKET BUSINESS by more than a dozen buyers and supermarket execs from chains and independent stores across the country.

Pet Food Sections Expand

According to Felicia Del Campo, manager of corporate public relations, Safeway Stores Inc. (Oakland, Calif.), shelf space assigned to pet foods and pet products in Safeway stores has increased by about 25 percent over the last four years. "People are buying more pet foods," she explained.

Norm Bullinger, advertising manager for Warehouse Discount Markets Inc. (Reno, Nev.), says his company has enlarged all its pet food sections by 10 to 15 percent.

Typical of the comments made by the grocery retailers were those of Joe Hudek, buyer, First National Supermarkets (Cleveland): "Pet food as a whole is always a good category . . . we like to try new items. The profit level is there, so we'll take everything on, and if it flies, it flies . . ."

At Marsh Supermarkets (Yorktown, Ind.), new products that have been doing "very well" include Purina's Bonz and Mainstay, and Quaker's Tender Chunks, according to buyer Jim Beedle. He estimates total dollar sales have "at least" kept pace with inflation at around 13 to 14 percent. Tonnage has grown roughly 8 to 10 percent annually.

Consistent growth in pet foods is also claimed by Van Parish, buyer, J. Weingarten, Inc. (Houston). "I'd say pet food is four to five percent of our total grocery volume. I guess people just own more pets, because I can't imagine that the pets are eating more," he says.

While retailers have been willing to take on more pet related products, the introduction of many new items over the past year has forced supermarket execs to eliminate the slow-moving pet food items from grocery store shelves.

Warehouse Discount Market decides which products to drop based on the stores' velocity reports, says Bullinger.

City Markets (Grand Junction, Colo.) considers both the speed with which an item is moving off the shelf and the strength of the manufacturer's backing when deciding whether to continue selling a product, says buyer Rhonda Caddy.

Promotional support from manufacturers is heavy, according to most of the retailers SB interviewed. "Manufacturers are pushing everything," says Richard Tavelko, grocery buyer for Shelley's (Jersey City, N.J.), a two store independent. "Shelley's has experienced about a 15 percent increase in units of pet food," reports Tavelko.

"When manufacturers who compete heavily with each other introduce new items," notes City Markets' Caddy, "there is pressure to get the product on display."

Dina Winn, general merchandiser for Cullum Companies (Dallas), also believes manufacturers provide "enough promotional support."

Larry Murack of Hannaford Bros. Co. (South Portland, Me.) asserts the manufacturers seem to be providing as much support as they can. "Allowances have come more frequently and at better rates," he says.

While retailers report having added 50 to 80 new pet-related items to their shelves this year, the success of a product or a particular package size can vary, depending on the retail market.

"Purina's Butcher Blend and Carnation's Fish Ahoy are doing a great job for us," reports Warehouse Discount's Bullinger. "And neither the recession nor inflation seem to have made any impact on the sale of our premium products. Large sizes are doing well," he claims.

But at Shelley's and at Abood's Food Markets (Cleveland, Ohio), two independents serving a lower-income clientele, smaller packages sell best. "Even though people realize the larger packages are often more economical over the long run," explains Abood's manager, George Seidel, "people can only spend the money they have available that week."

Coupons Enhance Pet Sales

With its customers bearing the brunt of high unemployment and inflation, sales of all nonfoods products at Abood's, including such pet items as collars and toys, are "way down," Seidel says.

At City Markets, Carnation's Fish Ahoy is reportedly doing well. General Foods' Cycle 1, 2, 3 and 4, a line of dog food which provides an appropriate nutritional balance for, repectively, puppies up to 18 months old, adult dogs, overweight dogs and dogs over seven years old, is also proving popular.

At Iandoli's Super Markets (Worcester, Mass.), buyer Henry Butterfield reports that Starkist's Nine Lives is their number one seller in cat foods; Carnation's Friskies is number two.

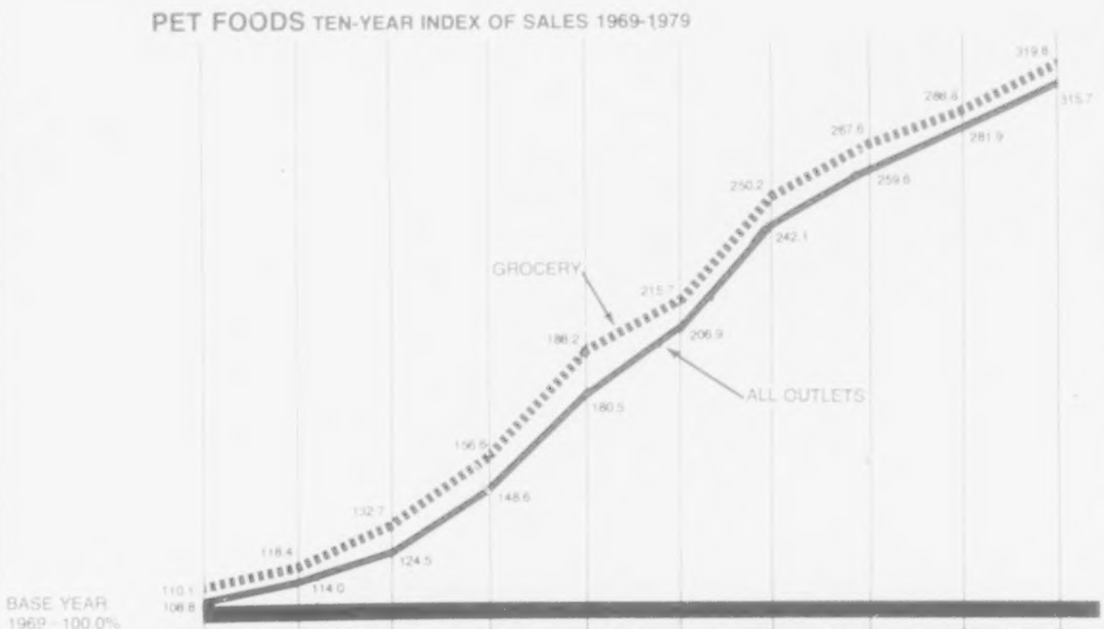
In general, retailers reported that they placed pet food advertisements in local newspapers frequently. Also, coupons enhance the attractiveness of a product for the customer.

In a "Be Kind To Pets Week," sponsored in part by the Nevada Humane Society, Warehouse Discount advertised 10 to 12 items in one week. The Humane Society ran some small newspaper ads which were paid for by the supermarket company. "We experience substantial increases in sales following any promotional effort or advertising," says Bullinger.

Products bearing generic or private labels got mixed reviews from grocery retailers. Safeway Stores carries no generic labels of any pet food products, says spokeswoman Del Campo.

Hannaford Bros.' Larry Murack says generic dry dog food is doing "extremely well" at his stores and that Hannaford has begun selling generic canned dog food. Generic semi-moist dog food is selling about 80 cases a week, he reports, matching the sales of Gaines-burgers.

John Biscotti, a buyer at Iandoli's, reports that some products that did not sell well when they were under a private label were "absolutely flying" once they were placed in the generic category. ■



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GROCERY (Add 000)	$ 994,190	$1,069,030	$1,197,370	$1,413,480	$1,698,290	$1,946,600	$2,258,060	$2,415,500	$2,606,840	$2,886,810

DRY CAT FOOD was 1979's fastest gainer in the pet foods category, according to SUPERMARKET BUSINESS' 33rd annual Consumer Expenditures Study. Dry cat food's grocery store sales were $138.0 million, up 16.8 percent over 1978. Dry dog food, the second fastest selling category of pet foods, posted a 13.3 percent gain, with sales hitting $1.1 billion. Grocery stores accounted for 92 percent of all consumer expenditures on pet food in 1979. Sales in 1979 were $2.9 billion.

FOCUS: HOUSEHOLD SUPPLIES

National Brands Dominate Household Products As Slow Movers and Small Sizes Are Replaced

by Polly Flonder,
contributing editor

DALLAS—It's business as usual on household supply shelves despite inflated prices.

Heavily promoted new products like carpet fresheners, solid room deodorants and liquid soaps have pushed over slower moving, older products like floor waxes.

But the consumer dollar still goes mainly to national brands instead of lower cost generics and private labels. And consumers are still showing a heavy preference for convenience.

Floor waxes and furniture polish may be off, but no-wax treatments and "one-step" furniture care is up, according to several retail execs.

Shelf space for household products remains stable for most retailers interviewed.

Dropping Smaller Sizes

Joe Karrabba, director of purchasing for 64 Tom Thumb Page Super Markets (Dallas, Tex.), has dropped many smaller size packages of many products where two sizes are carried.

He has been switching exclusively to big sizes in Spic and Span and other cleaners, and increased shelf space in many stores to carry high impact carpet fresheners.

Other high impact new products have been Johnson's Beauty Floor, Perk and Glamorene Shine Guard, all no-wax floor products.

Private labels at Tom Thumb include Topco window cleaners, ammonia and bathroom cleansers.

Household supplies are advertised quite often, according to Karrabba, with manufacturers aiding in promotion of at least one product a week. Karrabba finds a sales increase of roughly 50 to 60 percent in the week following an ad.

National Brands Hold Own

"We have put in some lower priced private labels," reported Denny Miller, store manager for Everett's Linway Foods (Goshen, Ind.). "But national brands hold their own. These labels—Eden, Dolly Madison, Delta and Hi-Dri—sell, but they don't hurt Charmin, White Cloud or Bounty. It hurts only the middle-of-the-roaders."

New products are chosen on the basis of who's making it, whether the market is saturated with similar types of product, how much supplier support can be expected, and how innovative a product really is.

Miller cited YES liquid detergent with fabric softener as an easy green light decision. While liquid detergents had already been introduced, there were none with fabric softener out when it came along, so he introduced it quickly.

New products that did especially well at Everett's: Soft Scrub liquid cleaner, Be Fresh and Stick-Ups air fresheners.

In paper goods, Bounty paper towels and Charmin toilet paper, in a new six-pack, are still going strong.

New Products Push Out Old

For every new item taken on at a Detroit area supermarket chain, a related item is discontinued, according to a spokesperson.

New products introduced with good results this year have been Job Squad and Bolt paper towels and Hefty foam plates.

"Price has little to do with our accepting new products," said Martin Sheldon, vice president, Guarantee Supermarkets, (Passaic, N.J.).

The essential factor for this firm, which operates four Foodtown stores, is "marketability—whether it has appeal to our consumers."

Sheldon was one of the few retailing executives interviewed who saw a "big swing" to private labels and generics, and who felt that they were making a dent in national brands' market domination.

His stores' private and generic label facial tissues, bathroom tissues, dishwashing detergent and glass cleaners, at 20 to 30 percent lower prices, enjoy strong sales.

The past year saw an overall shelf space increase of five to 10 percent in household supplies category at Guarantee-run stores.

Guarantee advertises one item in each category weekly. Sales increase five to 10 percent following such ads. Gondola displays are also used, although never for more than a week at a time, with increases of 25 percent resulting for the category.

New products doing well include Fresh Start concentrated detergent powder, the new liquid soaps like Soft Soap and Airwick's Air Wand.

Sales are strong for Cottonelle bathroom tissue because of heavy advertising in all media and coupons.

Sheldon feels he has too little support from suppliers. "We want more direct store contact from either brokers or vendors."

Basics Are Back

Freedom Food Centers, Inc. (Freedom, Calif.) has increased shelf space to make room for at least four new products this year, but grocery buyer Monte Carpenter found that "people are going back to basics" in some instances.

They are certainly going after bigger size packages.

Generics are doing very well in the Utah and Idaho markets served by 50 Smith's Management Corp. stores (Layton, Utah).

According to Art Toimoto, head buyer, inflation is affecting national brands sales adversely.

He feels it's "too early to tell" on no-wax floor treatment, since it "just came out. Rug fresheners peaked out real well when they first came out, but now they have leveled off. Plush rug dry cleaning and conditioner is now moving better than Carpet Fresh."

Factors determining new product introduction for Smith's include the dollars manufacturers will spend on advertising, off-invoice allowance, the category it will affect, and space available to put product into the schematic.

Does he get enough lead time on promotions? "We're always after the supplier to give us more lead time, such as six weeks on promotions, but it doesn't always work. Big firms come out with promotions, and then other companies try to come in with matching promotion, and there's very little lead time," Toimoto complained.

Promotion Beats Inflation

Paper products are promoted continuously by The Boys Markets, Inc., (Pasadena, Calif.) and advertising brings substantial results for the chain's 40 stores, said buyer Gene Doty.

Price increases of about 25 percent over last year haven't produced any apparent consumer resistance.

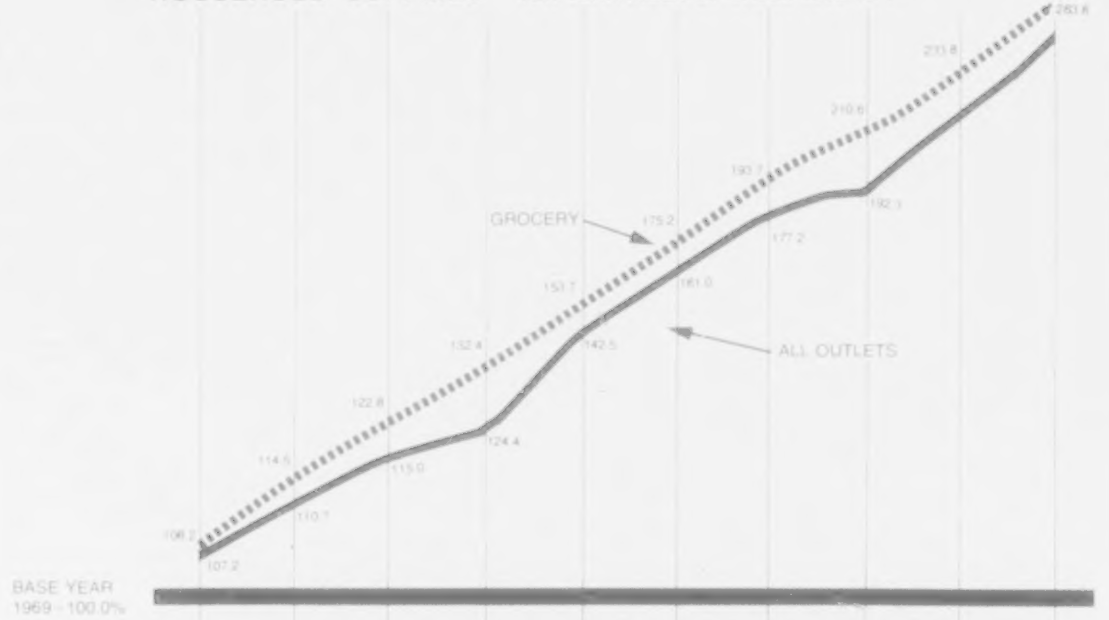
Shelf space for paper products remains constant. Few new products have been added. The newest is Aurora four-pack tissue, which isn't creating new sales or increased volume. It's just taking money away from other items in the category.

Safeway Stores, Inc. (Oakland, Calif.) looks at a manufacturer's reputation, advertising, and introductory campaign before deciding on a new product introduction.

And there's "not too much happening" in the way of new products at Safeway. New types of products that have been doing well are sheets of fabric softener, non-wax floor polish and solid room deodorizers, according to the manager for public relations, Felicia Del Campo.

Household supplies are promoted year round, but they get their big chance to shine once or twice a year at spring and holiday cleaning times. That's when most stores promote seven or eight items simultaneously, or cross merchandise groups of related items, usually with heavy manufacturer support. ■

HOUSEHOLD SUPPLIES* TEN-YEAR INDEX OF SALES 1969-1979



(Add 000)	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
ALL OUTLETS	$6,825,710	$7,050,960	$7,321,470	$7,918,560	$9,074,950	$10,253,560	$11,285,860	$12,241,560	$13,556,960	$15,260,260
GROCERY	$5,144,740	$5,442,120	$5,838,370	$6,292,570	$7,306,710	$ 8,327,208	$ 9,208,210	$10,007,430	$11,111,220	$12,525,760

*Includes sales of paper products

GROCERY STORE SALES OF HOUSEHOLD SUPPLIES grew 12.7 percent in 1979 to $12.5 billion. Last year shoppers spent $11.1 billion for the items in food stores. Grocery stores' share of market for household supplies remains at a sizeable 82 percent. Disposable diapers and liners sales showed great dollar volume gains jumping 19.1 percent this year. That is, shoppers spent about $1.2 billion in food stores for these items in 1979. Toilet paper and spot cleaning fluid also climbed significantly, up 17.1 percent in 1979.

Aggressive Promotion After Break-Even Point Rewards Store With High SPMH: Retailer

■ *Continued from page 1*

labor department such as frozen food, Patin stresses.

"It doesn't take that many more hours to stock 1,000 cases of frozen food than it does to stock 500," he points out. "A good stocker can stock 35 to 40 cases an hour."

Frozen food is still a bargain, Patin adds. But this must be brought to the shopper's attention. "Frozen food's price/value relationship is excellent," he observes. "The consumer will recognize this if we just talk about it. And the increased profit would certainly justify the added cost of extra effort such as full-page ads."

Train for High Profits

Once the cost of electricity and other overhead is covered, high profits can be reaped from frozen food if employees are properly trained. A prerequisite is a streamlined store system for getting product from truck to display cases with minimal handling. "A lot of stores have excessive department labor costs because they handle the product too often," Patin says.

With a good frozen food handling system and well-trained manager, a store such as Kohl's 43,000-square-foot Capitol Court unit requires frozen food labor of just 60 hours for a seven-day week, he estimates.

That's for a department consisting of 144 running feet of five-deck cases, 144 feet of low-boys and 24 feet of frozen meat.

But in order to accomplish this without product deterioration and consequent shopper disenchantment with

■ *Continued on page 92*

"It doesn't take much to destroy frozen food..."

HIGH FROZEN FOOD COSTS result from improper care and handling product more often than necessary, Ray Patin suggests. Proper ordering and a good store system for getting product from truck to display case are two ways to minimize handling and maximize department profitability. Other ways to keep profits high are proper stocking of product below the freeze line and keeping shelves stocked and attractive (demonstrated by Ray Patin, left and right below).

Better Training Key to Frozen Food Profits

■ *Continued from page 90*

the department, good training is essential. Lack of such training is the fatal flaw of most supermarket frozen food departments, Patin believes.

"Management at many firms thinks that since it's frozen, frozen food can take care of itself," he observes. "But that's just not true. If they realized how highly perishable frozen food is and the little amount of ignorance or carelessness it takes to destroy it, they might begin to give frozen food some of the attention they now give to produce and meat."

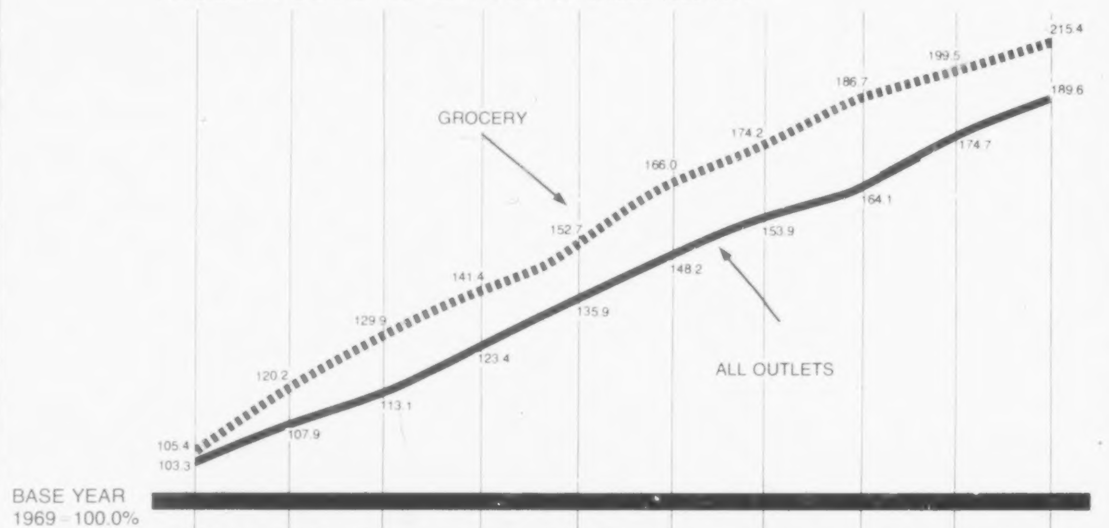
In produce, for example, a prospective manager starts at the bottom—trimming produce or working the scales. But in frozen food, a new employee is "handed an order book and told to go to it," Patin comments. This is a bad mistake in a vulnerable department which not only has the potential for some of the highest profits in the store, but is furnished with the most costly equipment.

Proper Ordering Vital

Rotation is often touted as key to frozen food quality. But only through proper ordering can rotation be accomplished without loss of product quality and excessive labor hours, Patin stresses.

"If management had any idea of the unnecessary hours it takes just to receive frozen food when the backroom

FROZEN FOODS TEN-YEAR INDEX OF SALES 1969-1979



(Add 000)	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
ALL OUTLETS	$6,317,080	$6,600,060	$6,915,530	$7,549,380	$8,309,420	$9,067,780	$9,414,610	$10,040,160	$10,683,820	$11,597,850
GROCERY	$4,111,700	$4,686,260	$5,066,210	$5,513,180	$5,955,620	$6,474,170	$6,792,470	$ 7,282,610	$ 7,782,250	$ 8,400,180

NATIONALITY FOOD was one of the biggest dollar volume gainers in frozen foods sold in grocery outlets in 1978, according to SUPERMARKET BUSINESS' 33rd annual Consumer Expenditures Study. Nationality foods' sales of $228.1 million reflect an 11.1 percent increase over 1978. Other big gainers were pizza ($768.4 million in sales, a 10.3 increase) and frozen asparagus ($38.8 million in sales, a 12.2 percent increase).

Totino's
CRISP CRUST
CLASSIC PIZZA
COMBINATION
PEPPERONI & MUSHROOM
SAUSAGE & MUSHROOM
EXTRA!
SAUSAGE PIZZA
COMBINATION SAUSAGE & PEPPERONI PIZZA
PEPPERONI PIZZA
Party Pizza
CHEESE

MUCH MORE SKILL is often needed to profitably manage an older, smaller frozen food department than a new, larger one, Ray Patin observes.

freezer is full of overstock, headquarters would give a lot more attention to teaching frozen food managers how to properly order," he says. "Too often, an untrained frozen food department manager will order 20 cases of product when he should be ordering five.

"I've even seen situations where the frozen food man took his order book home and did his ordering over the weekend. No one had ever bothered to explain to him why this is a serious mistake."

A good training program starts with commitment by headquarters. To be really effective, a program should be developed or modified by each firm according to its individual needs, Patin believes. Chains shouldn't rely solely on manufacturer training programs: "Suppliers are not concerned with the total department or involved the way we are at retail," he adds.

Ideally, chains should have a frozen food superviser, just as they have meat and produce supervisors. Many firms put frozen food under the jurisdiction of the grocery supervisor; this is a mistake since the frozen food department's perishability and rotation requirements make it "a whole different animal," Patin notes.

Lack of training or supervision by an experienced frozen food person making the rounds of stores means the frozen food buyer must sometimes take action himself: "I've actually had to force rotation in the past by letting frozen food items run out of stock at the warehouse level," Patin recalls. "That's a hell of a way to get rotation, but it's the lesser of two evils."

Once an employee has been taught how to order, allowed to make and correct his own mistakes, and developed under supervision into a good frozen food manager, think twice before promoting him to another department, Patin advises.

Cultivate Frozen Food Managers

"Too often, a good manager is quickly promoted to another department as soon as he develops competence in frozen food," he comments. "The frozen food department is never given a chance to show what it can do under a good manager."

> *"If every decision (a buyer) makes has to be reviewed by a committee before it's implemented, weeks can go by before a new item appears in his stores. Meanwhile, his competitors are benefitting..."*

Instead, salary increases or advancement to frozen food supervisor should be used as incentives to keep the employee in frozen food and working to increase his volume and profit margins.

This approach pays off in overall corporate profits, Patin believes. "For example, we have a frozen food manager in one of our stores whom I trained myself 10 or 11 years ago. He's an expert with frozen food; I never have to worry about his department. His sales per man hour are greater than those of any other frozen food department in the chain."

Along these lines, another mistake Patin often sees is promotion of an excellent frozen food manager from a smaller, older store to a larger, new or remodeled store operated by the chain. While appearing at first glance to make perfect sense, this can be a big mistake: "It often takes much more conscientiousness and skill to profitably manage an older, smaller department than a larger, newer one," Patin observes.

"The tougher the situation in the frozen food department in terms of space, equipment, etc., the better a person you need to manage it."

Good Merchandising Essential

Good merchandising is essential in the frozen food department to spark impulse sales, Patin reminds SB. While very positive about frozen food's profit potential—"Given enough advertising and promotion support, frozen food contributes considerably more to total store profits than its percentage of store sales"—Patin's aware that shoppers are drawn to a store to a large degree by its meat and produce image. "Frozen food alone will never bring customers to a store," he concedes.

But once lured to a store, shoppers can be persuaded to buy a lot of high-profit frozen food if merchandise is presented conveniently and attractively.

This means intelligent use of planograms interspersing power items such as juice, potatoes and vegetables with profit items such as desserts and entrees; careful attention to cleanliness, neatness, stocking and price-marking; and location, variety and impact of signage and other in-store promotional material.

Impulse merchandising at Kohl's is

■ *Continued on next page*

Totino's
CRISP CRUST
Party Pizza
HAMBURGER
SAUSAGE
CANADIAN STYLE BACON

Think of them as cold cash.

Totino's® brings more dollars to the bottom line than any other pizza. The reason for that is simple. Totino's is the best-selling pizza in the country. So when you carry more Totino's, you're probably going to carry more "cold cash" to the bank.

Totino's is America's favorite pizza because we're the *best* your customers can buy. Our incredible Crisp Crust is far and away the best on the market. And we top our Crisp Crust with a variety of special tasty toppings.

America's favorite has something for everyone. Now, if Totino's is the best-selling pizza because people (like your customers) prefer it, shouldn't you make sure you carry a complete selection of Totino's pizzas to satisfy the variety of consumer tastes in your market?

Our popular-priced Party pizza is a delicious treat for everyone, especially kids.

Our Extra!® pizza is for people who're willing to pay a bit more to get extra quantities of our terrific topping.

And our Classic® pizza is the "king" of deluxe pizzas.

So don't just think of Totino's as the best frozen pizza you can offer your customers. And don't just think of Totino's, as the best-selling pizza in the country. Think of Totino's pizzas bringing more dollars to the bottom line.

Just think of them as cold cash.

Totino's®

Patin: It Costs More to Manage Frozens Badly

■ *Continued from preceding page*

enhanced by open cases; unlike some retailers, Patin is not convinced of the value of doors on frozen food cases.

"In my experience the extra labor factor equalizes the extra cost of the energy needed to operate open cases," he says. "I personally have stocked the frozen food department of every Kohl's food store we've ever opened (Patin has been with the chain for 17 years), and I know for a fact that it takes more time to stock a case with doors.

> *"If management had any idea of the unnecessary hours it takes just to receive frozen food when the backroom freezer is full of overstock, headquarters would give a lot more attention to teaching proper ordering."*

"And doors don't save as much electricity as one might think—it costs a lot to heat the doors to keep the frost off."

Also related to profitable frozen food merchandising is the degree of flexibility permitted the buyer, Patin stresses.

"A buyer should be able to make decisions quickly," he says. "If every decision he makes has to be reviewed by a buying committee before it's implemented in the stores, weeks can go by before an item that's presented to him appears in his frozen food department.

"Meanwhile, his competitors are benefitting from introductory allowances, and gaining the advantage of being first with a new item."

Not only does ability to take advantage of introductory allowances add considerably to the buyer's total gross profit over the course of a year, it also establishes the product at its regular retail price before supplier promotional advertising hits the market, Patin points out.

"This gives credibility to the sale price of an item the first time it's run in an ad," he explains.

Most important to continuing success with frozen food is quality control, Patin stresses. Good quality items such as Stouffer's entrees have continued to sell strongly in the face of recession and lack of advertising support; what they could do with lively advertising and promotion at retail would be exciting to see, he observes.

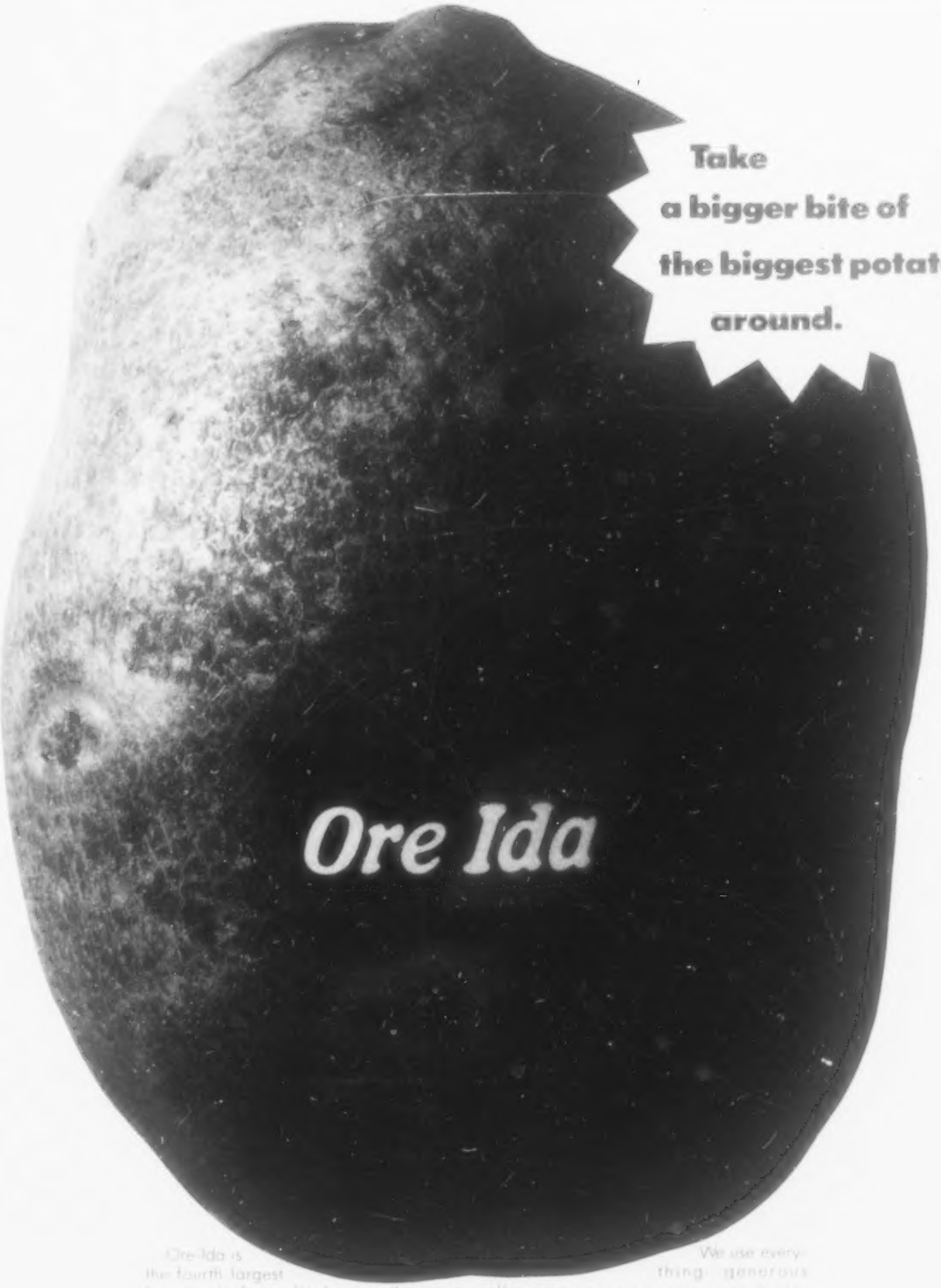
But while promotion can pull shoppers into the frozen food aisle, only satisfaction with quality can keep them coming back, he points out. "Frozen foods offer everything for today's convenience-oriented shopper," he says.

"But if you allow the product to sit in the middle of the aisle, or sit above the freeze line in the case, or cover up vents so the cold air can't circulate properly, or fail to rotate it, the shopper will be disappointed when she gets it home, because its quality will have deteriorated drastically from what it was when it came from the manufacturer.

"And from that point on, you can advertise and promote all you want, you can stand on your head trying to convince the shopper that pot pies are a bargain at three for 99 cents. But you've lost her, and she won't be back."

Ultimately, what retailers should keep in mind is that "it's much more costly to run a frozen food department badly than it is to devote the attention needed to run it well," Patin concludes. ■

PROMOS CAN PULL shoppers to frozen food, but only satisfaction with quality will keep them.



Ore-Ida is the fourth largest brand in the frozen food case and accounts for over half of the $400 million frozen potato category.

No wonder. Over 90% of your customers know the Ore-Ida brand. Because all year long we promote our potatoes with some of the most imaginative incentives around.

We use everything: generous allowances, newspapers, magazines, television, Sunday inserts, direct mail. The works. And it's working. More and more people are trying our delicious potato products. Again. And again. And again.

So take a bigger bite of the biggest potato around— Ore-Ida. [illegible]

Buyers Report Frozen Food Sales Up 10 Percent

by Eric Menkes, contributing editor

NORRISTOWN, Pa.—Rising costs and prices have slowed but not halted, the growth of the frozen foods market.

Buyers interviewed by SUPERMARKET BUSINESS report sales increases of as much as 10 percent over the past year in their frozen food departments. Most buyers expect this trend to continue.

Apartment living, an increase in the number of working women and convenience are all responsible for the mushrooming demand for prepared foods, buyers say.

Unanimously named as leader of the frozen pack is precooked pizza, an item the public just can't seem to get enough of. "What can I tell you; it's crazy," exclaims Joseph Genuardi, a buyer for Genuardi's Supermarkets (Norristown, Pa.) of the pizza rush. Even during the hotter summer months, pizza sales sizzle, buyers say.

The fact that pizza can serve as a snack as well as a light meal is part of the reason for its popularity. Virtually all buyers report plans to increase their sections if they haven't already done so. "It's become a standard item," according to Arnold Hecht, a buyer for Glosser Brothers (Johnstown, Pa.).

Pizza Increases Lead

Buyers expect pizza to continue as their leading or fastest-growing mover within the category.

Other standard items are also doing well. Juices and vegetables, the traditional leaders in the category, are doing brisk business. Buyers say they are considering concentrate juices other than orange juice.

Buyers disagree over the future of the vegetable market. While some insist that the less-expensive (per ounce) poly bags are the best buy, others say that the traditional 10-ounce packages are most suitable to current lifestyles and economic conditions.

"The price is getting so high that nobody packs the larger poly bags," says Michael Zawisky of the Peter J. Schmitt Co. (Buffalo, N.Y.). "The 10-ounce package suits more families," Joseph Genuardi says. On the other hand, Bob Smith, a buyer for Giant Food Markets (Kingsport, Tenn.) believes that the poly bags "are taking off."

Energy Cost Crimps Growth

The energy factor is also preventing many chains from expanding departments despite growing sales. Many are looking into equipment changes. Buyers cite door cases as the most energy efficient; however, their use makes drawing attention to items difficult, they say. Coffin cases are still popular; buyers are generally content with them, although some said their chains were considering a switch of some degree.

"Frozen products are very energy intensive," says a buyer for a Massachusetts chain. Their maintenance requires a large energy supply, which accounts for a significant cost factor, he says. Transport and storage under frozen conditions has driven the price of such items way up, according to the buyer.

A buyer for Cala Foods (San Francisco) said that in the future, his stores would face decreased space because of high energy costs. However, he said he didn't think this would affect sales. "We will just be cutting down on the number of varieties. Instead of carrying four to five different orange juices, we'll have two to three," he explained.

Manufacturers' latest big push has been in gourmet frozen foods. While the price of these expensive items has climbed even higher with inflation, retailers are happy with their sales and expect them to do better still in the future.

Buyers report the Stouffer's line as the most successful available and attribute its success to its promotional campaigns. "It's the quality and the convenience. It's a single entree and serves one person," says Peter J. Schmitt's Michael Zawisky.

One buyer said that while the line has not done well in poorer areas, it's been highly successful among apartment dwellers. Convenience is frozens' strongest appeal, the buyers agreed, in households where both spouses work.

Microwave ovens have had a negligible effect on frozen food sales this year, buyer believe. Microwave ovenable products "never really took off," says Peter J. Schmitt's Zawisky. He and other buyers cite a loss of enthusiasm from all sides as the reason.

The high energy prices which have forced retailers to trim variety may also be to blame. Some buyers believe microwave ovens have not been promoted as heavily as they once were, which affects sales of ovenable products.

Says Joseph Genuardi: "Sales are all right, but not that great. I don't think these ovens have had that big an impact on the market."

Buyers report that they would like to increase promotion. "I believe we've got to educate more people, sell the idea that frozen means convenience," says Tom Pitman, a buyer for Hudson-Thompson, Inc. (Montgomery, Ala.). ■

Want your share of a 4 billion dollar market?

Take the offensive.

Pizzerias sell approximately 4 billion dollars worth of pizza each year. But higher gas prices have prompted consumers to shop for a less expensive alternative. Now Jeno's hands you the opportunity to capture your fair share of this 4 billion dollar market with Jeno's You Top It™ pizza.

You Top It™ is the first frozen pizza ever to equal the quality of the pizzeria for about half the cost. Consumers' letters prove it! They say they really appreciate the delicious taste and the seven extra toppings they can add just as they like. Jeno's You Top It™ pizza did not happen overnight. Years of research and development resulted in quality comparable to take out pizza.

JENO'S

Now's the right time to take the sales offensive against the pizzerias. Because you now have the right pizza ... Jeno's You Top It™. Stock up and promote You Top It™ in partnership with Jeno's to get your share of this tremendous market!

JENO'S
You Top It!
PIZZA
INCLUDES – Our seven separate toppings... You Top It as you like it!
PEPPERONI
MUSHROOMS
OLIVES
ONIONS
SWEET PEPPERS
CHEESE
SAVORY HERBS

New Cigarette Intros Pose Dilemma for Chains: Satisfy All Customers or Hold Line on Space?

by Elise J. Marton, contributing editor

CHARITON, Iowa—Do I take on all comers, or only the real winners?

This is what many cigarette buyers for supermarket chains and wholesalers are asking themselves lately, as they try to cope with the avalanche of new cigarettes that have come along in the last few years. In the face of such brand proliferation, mostly of lights and low-tar varieties, do buyers take on every introduction that is made, or do they pick and choose?

Do they strain their shelf and warehouse space to make sure they satisfy every customer, or do they hold the line on space and inventory—and risk not having a loyal customer's favorite brand?

As with most things in the grocery industry, there's no simple solution. There aren't quite as many answers as there are cigarette types (171 as of the first of this year, according to R.J. Reynolds, up from 89 ten years ago). But approaches do vary, as SUPERMARKET BUSINESS found in its survey of a dozen tobacco buyers for chains and wholesalers supplying nearly 800 stores around the country.

There are differences on other matters as well, including promotions. Some stores are dead set against running promos for cigarettes—no ifs, ands or butts. Others, however, are extremely active in cigarette promotions, allowing suppliers to set up something new virtually every week.

It's only on the question of advertising that all buyers and merchandisers seem to agree: they say it's not a good idea to advertise cigarettes. But again, reasons vary. Some cite a lack of co-op ad allowances, others say it might be bad for store image, and still others feel there's simply no competitive edge to be gained by advertising cigarettes.

Offerings Up 10-15 Percent

At Hy-Vee Stores (Chariton, Iowa) cigarette varieties are up 10 to 15 percent over this time last year, according to grocery buyer John Comer. The chain's 129 stores now carry 123 varieties, he says, and will continue to take on new brands as they are offered.

As Comer and others pointed out, the great bulk of the new activity is in low-tar, light and "ultra-light" cigarettes; in fact, one buyer claimed he hasn't seen a new "regular" introduced in the past two years.

Why does HyVee take on everything that comes its way? It's mostly a matter of making sure every customer is satisfied, so that loyalty to the store doesn't go up in smoke, Comer said.

"There are so darned many brands out, it's become a problem for the warehouse," he said. "Movement is so slow on some brands, it's not worth the cost of inventory, but consumers still have loyalty to those brands so we have to offer them."

In fact, Comer added, "cigarettes have more brand loyalty than anything else in the supermarket. So out-of-stocks can pose a real problem at the retail level. We (at the warehouse) try to give them any advantage we can, and one advantage is to have enough cigarettes on hand."

As a result, Comer added, Hy-Vee will "try anything that's introduced." Weekly movement figures are pulled for a trial period of six months, he said, after which a decision is made to keep or drop the item.

At Holiday Markets (Cottonwood, Calif.), the total number of cigarette items stands at 125. "We've added all that come out," Carl Anderson, general manager for the 21-store chain, said. And once they're added, "they're a hard item to drop."

"Proliferation is a problem," Anderson continued, "because we don't have the fixtures to handle all of them. We have added some new fixtures with big wrap-around sections . . and in some of the bigger stores we're using double racks, putting carton fixture on two end-caps now instead of one."

However, he added, most stores have to "carry less inventory to get all the brands in there. Instead of carrying three or four rows of a brand, it might be down to two."

Ads Are Incentive

Other retailers gave different reasons for adding just about every new cigarette that comes along. Some say the great amount of supplier money poured into ad campaigns for new brands—and the interest these ads generate among shoppers—makes it impossible to pass up the introductions.

According to Jay Arbin, grocery buyer for Smith Food King (Salt Lake City, Utah), "we're saturated with the introduction of new cigarettes, and we don't have the space for them."

In Arbin's opinion, part of the problem is that the cigarette category is fraught with "me-too" products. "A cereal will come out [illegible], 14-oz. size, then a 20-oz. and a 24-oz. size. It's the same with cigarettes," he said.

Nevertheless, he added "we have a philosophy—we take on all new brands because of the advertising. Every time a new cigarette is added, the money is astronomical. We think it's a good idea to take advantage of that."

In the 44 Smith Food King stores, cigarettes have six months to show they can sell. Since the "big" ad money lasts about three months, Arbin said, the trial period gives management the chance to see what the brand can do when advertising returns to a normal level. At the end of that period, "if the cigarette is not selling an average of one case per store per week, out it goes."

In the last year, Smith Food King has added about 18 brands and discontinued about ten. Current inventory stands at 115 varieties.

Dillon Stores (Hutchinson, Kansas) has increased cigarette variety by about three percent in the last year, according to buyer Cliff Lillie. "Well over a hundred" types are currently carried.

Like Smith Food King, Dillon feels it has to take on everything that's introduced, because of advertising activity.

"For new cigarettes, the manufacturer comes out with advertising—you've seen all those full pages," Lillie told SB. "We pretty much have to have it—the customers are looking for it."

Despite the rise in cigarette variety, Dillon—like many others—hasn't expanded its cigarette shelf space. "The carton rack itself is pretty much set," Lillie explained. "Each manufacturer has a set proportion of the total space, and it doesn't change when new brands are added. Space for that new brand is taken out of the particular manufacturer's space. It means cutting back on inventory a bit."

Maloley Bros. Super Markets (Fort Wayne, Ind.) is another chain that feels compelled to offer every new cigarette introduction. Like its counterparts, it is feeling a space pinch, according to buyer James Drummond.

To get around the problem, Maloley is using courtesy counter space to handle the overflow. "There's not enough room on the racks for all the brands," Drummond explained. "So some of the slowest movers—about 20 to 25 of them—we carry in our courtesy booths."

Maloley carries a total of 90 to 100 types of cigarettes. It has added half a dozen in the last year, Drummond said.

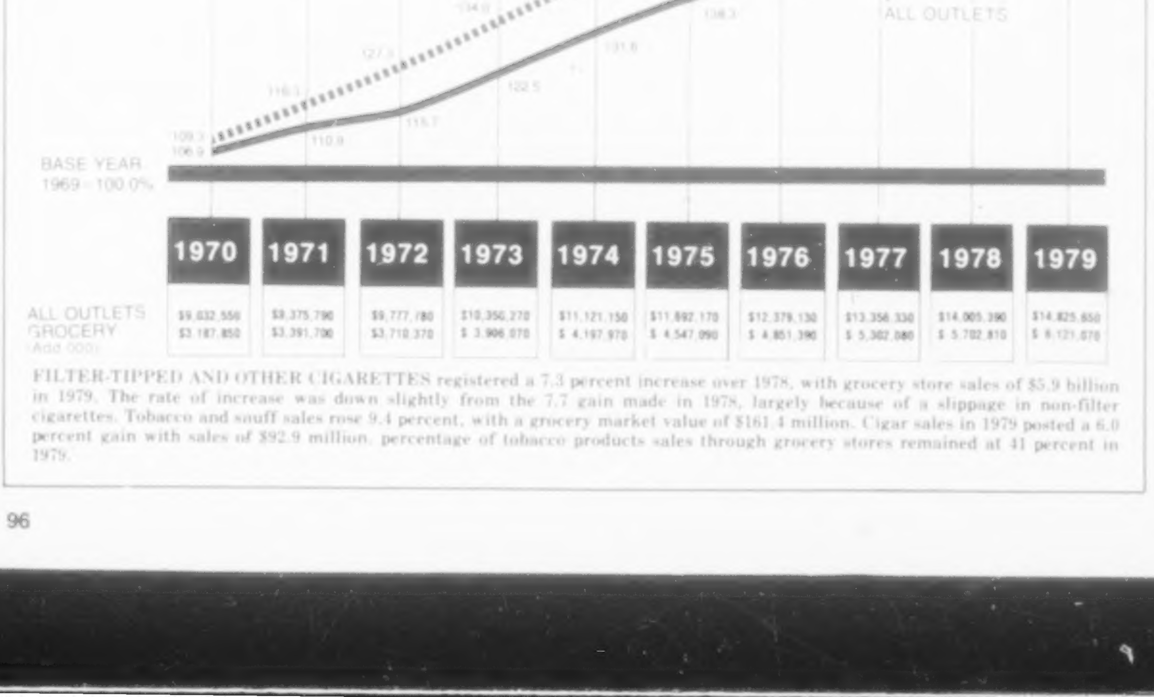
Some Are Conservative

Whereas all chains may be feeling brand proliferation pressures, not all are adding everything that comes out. One of these is a large Western chain which asked to remain anonymous.

"We're a little more conservative than most supermarkets," a spokesman in the chain's buying office said. "We buy what we feel we have to. When a new brand comes out, it'll come out in Kings, in 100 millimeters, and in menthol. We don't take everything." Instead, buyers may select only the "regular" style, for example, leaving the menthol or the longs off their shelves.

This tactic allows the chain to hold the line on the number of cigarette types offered without disappointing too many customers. "As long as we have one type of the new brand, we're covered with couponing and adver-

■ *Continued on page 99*



FILTER-TIPPED AND OTHER CIGARETTES registered a 7.3 percent increase over 1978, with grocery store sales of $5.9 billion in 1979. The rate of increase was down slightly from the 7.7 gain made in 1978, largely because of a slippage in non-filter cigarettes. Tobacco and snuff sales rose 9.4 percent, with a grocery market value of $161.4 million. Cigar sales in 1979 posted a 6.0 percent gain with sales of $92.9 million. percentage of tobacco products sales through grocery stores remained at 41 percent in 1979.

Stores Wary About Cigarette Promos; Cite Theft

ONE IN/ONE OUT is the practice followed by many chains as they try to cope with avalanche of cigarette introductions. As soon as one new packing is introduced, a slow-mover gets the ax. Other chains try to accommodate all types for fear of losing customers with strong brand loyalties.

■ *Continued from page 96*

tisements" run by manufacturers, the buyer pointed out.

This chain is taking other steps to hold the line on brand proliferation. The spokesman told SB his company's stores currently stock 85 types of cigarettes, a number that has held steady over the last year.

"You might ask how we can be carrying the same number with all these new brand introductions," he observed. "When we look at a new brand, we look at something we can get out...We just take the slowest brand in the whole (cigarette) category and drop it...Otherwise, we'd lose control. We'd get ourselves into a jam, trying to carry all the new ones *and* maintain all the old brands." Even if that were accomplished, he added, "you're not getting *more* cigarette sales, you're just spreading the sales around."

(Indeed, almost every retailer contacted by SB agreed that overall sales volume for cigarettes has remained pretty much unchanged, despite brand proliferation. Where increases were reported, it was usually in chains whose overall volume or number of stores had increased as well.)

The same one in/one out approach—with variations—is taken at a 71-store Southern chain that also asked not to be named. This chain carries about 125 cigarette varieties, and the number has held steady despite the addition of "almost all" the new introductions of lights, long lights and low-tar cigarettes during the last year, the director of purchasing said. In fact, he added, nearly half of all types carried are now of the "light" variety.

One In, One Out

Like the Western chain discussed above, the Southern chain drops a brand every time one is added to the line. But unlike the Western chain, it restricts its cuts to the company with the lowest total share of cigarette sales in its stores.

"We class cigarettes in a separate commodity class," the spokesman said, "and rank them on a continuing basis. We look at dollar sales, high to low, and each company's share of the total cigarette business.

"We take the company with the lowest share, and look at the company's slowest mover," he continued. That's the one the stores will drop when a new item is added. Usually, this is the slowest-moving item overall, too.

Other chains contacted by SB are equally tough when it comes to holding the line on cigarette variety. At the 135 Eagle Discount Super Markets (Milan, Ill.) and the 32 Sampson Supermarkets (Auburn, Maine), buyers won't add a new variety of an "old" brand without looking closely at how well the old one has performed.

Buyer Richard Dorr of Eagle Discount said that if the new type "is a brand extension of a very successful cigarette, it has a chance of making it" and will likely be added. This is what happened recently with the new Kent III's.

On the other hand, "if it's a brand new name," Dorr continued, "it depends on the advertising money behind it." If there's ample money, as in the case with the recent Cambridge introduction, "we'll leave it in for three or four months and see how it does."

Presently, Eagle Discount carries 85 brands in its warehouse; two or three light varieties were added over the last year and one or two non-lights were deleted, Dorr said.

Sampson Supermarkets has added 15 brands, all low-tar, and dropped ten slow movers last year, according to buyer Warren Sawyer. Total selection now stands at 104.

In their comments to SB, a number of retailers said they wished manufacturers would reverse the brand-proliferation trend by cutting the slowest movers from their product lines. That way, retailers said, when a product dropped off the supermarket shelf—easing pressure on the retailer—it would be the supplier left holding the smoking gun, not the grocer.

One of these retailers, Hy-Vee's John Comer, cited R.J. Reynolds' recent cut of five of its slowest movers—Winston menthol, Salem box, Real filter, Real menthol and Tempo—as a promising sign.

"This is something we've been trying to get them to do for a long time," Comer said, speaking of manufacturers in general. "If they are adding something, they should drop something.

"Let the manufacturer do it, so the supermarket doesn't have to take the brunt of the consumer's wrath."

Not All Will Allow Promos

On the subject of manufacturers' promotions, all retailers who spoke to SB said they felt promo support from cigarette suppliers was ample. However, not all retailers were willing to let these promotions run in their stores. Fear of getting burned by pilferage was one reason given. Another was the feeling that space used for cigarette displays could be used more profitably for something else.

"We don't participate in promotions," said a spokesman for the Southern chain mentioned earlier. "We have a problem conveying a low-growth profit picture to store managers," he said, explaining that these managers would rather use extra display space for something other than cigarettes.

"Also," he added, "most promotions require merchandising at locations other than the regular carton racks, and that increases the possibility of pilferage."

Charles Fisher, director of drug merchandising for Family Center, Inc. (Atlanta), agreed. The 18 stores in this A & P subsidiary "don't attempt to sell in any way other than the normal way," he said. "For one, there's pilferage. Also, we get better profits using the added space for other merchandise."

There are some chains that are working their way around their worries about pilferage and best use of store space, by being very selective about which promotions they run, and where they run them.

At Dillon, Cliff Lillie said, "we leave it strictly up to store managers" whether or not to run a manufacturer promotion on cigarettes. "A lot depends on the brand. The managers don't like a big display for slow-selling brands, because the idea is to get them in, and to get them out." Therefore, it's usually only the normally-healthy movers that are promoted in the stores.

At Smith Food King, promotions are run "only in those stores where cigarette volume is sufficent to take up the space for a display," Jay Arbin said. "Also, there's a rule that all displays be set up around the checkstands, so we can watch them, keep an eye on them the best we can."

Other retailers contacted by SB are fully committed to promotions. At Sampson Supermarkets, for example, "we promote at least 48 weeks out of the year," Warren Sawyer said. "It'll usually involve a display of 40 to 150 cartons of our fastest movers."

Why the commitment to cigarette promos? "Cigarettes are a very profitable item for us," Sawyer explained. "Our feeling is, we want to offer whoever wants to smoke (a chance) to try a brand they may not have tried before."

Although the chain has never tried to track the specific effect of these promos on cigarette sales, Sawyer said "we know that they do help."

Whenever a promotion is run at Holiday Markets, the featured brand sells at least one case (60 cartons) more than normal in each store, Carl Anderson told SB. "Something is on every week, whether on the floor or in the checklanes," he added.

Anderson admitted that special floor displays do increase the risk of pilferage. But the boosted sales more than make up for this, he feels.

No Stores Advertise

Neither Holiday Markets nor any of the other retailers contacted by SB include cigarettes in their advertising programs. Some say it's because they can't or don't want to give price cuts; others says such advertising would be redundant since manufacturers do so much of it themselves.

In some states, such as Iowa and Indiana (where Hy-Vee and Maloley's Fine Foods are respectively located), statutes require cigarettes to be sold at a price at least eight percent above cost. This gives retailers very little leeway to cut price; therefore, there's very little a retailer would be able to highlight in an ad for cigarettes.

According to Hy-Vee's John Comer, "the minimum (price) becomes *the* price, because no one wants to be accused of profiteering. And if the price is established, you don't have anything that the next store doesn't have, too."

Similar logic was expressed by Maloley's James Drummond: "Everyone, I presume, knows we have cigarettes. There's nothing we can do but tell people we have them, and there's no advantage to that."

Other retailers simply don't *want* to offer price breaks. "We don't want to break the price," said Holiday Markets' Carl Anderson. "We're at the point where we've gotten the margin up to 16 percent—it used to be 11 or 12—and we don't want to go back on that."

Store image also plays a part. For example, at Smith Food King "we don't do any advertising of cigarettes whatever, in stores or in the media," Jay Arbin stated. Why? Due to Mormon influences around here, it's not the smartest thing in the world to advertise cigarettes," he explained.

At Family Center, Charles Fisher said, "we're a food and drug combination store, and we have sort of a hangup about advertising health products and cigarettes at the same time." ■

Some Traditionally Stable Personal Care Lines Are Shaken Up by Introduction of New Products

by Elise J. Marton and Eric Menkes, contributing editors

STEVENS POINT, Wis.—New introductions in a few traditionally stable product lines—as well as in the usually volatile ones—characterize activity in the personal-care health and beauty aids category over the past year.

The toothpaste and feminine hygiene categories, for years populated by the same products, have been shaken up a bit by new entries. So too has the hair-care field, where new entries have always capitalized on shoppers' apparent lack of brand loyalty.

Numerous introductions in skin care lines have also been reported by some HBA buyers. While a few think this is a signal that skin care might be the next big category, others are putting their money on cosmetics.

These are some of the findings of a survey conducted by SUPERMARKET BUSINESS among a dozen retailers and half a dozen distributors around the country. For the survey, "personal care" was narrowed to include skin and tanning lotions; shaving products; mouthwash and toothpaste; cosmetics; hair care products; and feminine hygiene items.

Report Toothpaste Shakeup

Retailers and distributors commented frequently on the impact of a new toothpaste, Aqua-Fresh, on the whole toothpaste category.

"Aqua-Fresh is doing pretty good," said Bernice Okray, buyer for the Copps Corp. (Stevens Point), a wholesaler serving 62 food stores. "It's got the sales down on quite a few others. Crest is still on top, but Aim, Closeup and Colgate have been hurt," Okray continued. To fight back, the makers of these products have been "coming out with promos on some size or other every month," the buyer reported.

Tom Gaudino, GM director for Charley Bros. Co. (Greensburg, Pa.), agreed that the new dental product—a combination of gel and paste—had shaken up the category. He called it "the toughest competition Procter & Gamble has had in some time," and added that it has spurred P & G to retaliate by introducing a number of off-label brands of toothpaste.

According to Gaudino, Aqua-Fresh "has changed the whole lineup of the brands. It's number two now in our area." Charley Bros. sells to about 92 supermarkets in southwestern Pennsylvania.

What Gaudino finds most noteworthy about the toothpaste activity is the fact that traditionally, brand loyalty makes the category a tough one for a newcomer to break into.

"Mouthwashes and toothpastes are difficult to change," the exec told SB. "Once someone starts to use toothpaste, they won't change too readily. Before Aim came in, it had been 15, 16 years that toothpaste was pretty much standard.

"When Crest came out with fluoride in the sixties, Crest was number one from then on," Gaudino continued. "There were no efforts to introduce new toothpaste, and for years Crest and Colgate were one-two."

Gaudino attributed the success of the new entry to the fact that "it's a good product, and (there are) good allowances."

New Tampon Introduced

Another usually-quiet HBA category that is experiencing an uncommon flurry of activity is feminine hygiene products. Some buyers are looking with interest at a recent tampon introduction, and an upcoming douche intro is also getting attention.

The corporate HBA merchandise manager for a major Northeast chain told SB that "the Rely tampon product introduced to our trading area has made that category unusually active. That's the first new item in several years, since Johnson & Johnson introduced OB."

The merchandise manager explained how one new product intro can spur activity in the whole category:

"If a major marketing group makes an introduction and backs it with millions of dollars and diversified promotional activity (as the makers of Rely have done), the established brands have to respond to protect their share of market.

"Rely spurs Tampax and Playtex to respond in an effort to blunt the introduction," he continued. "They've intensified their promotional activity, so for us the tampon group as a whole has grown substantially."

Tom McKinney, HBA buyer for Lowe's Food Stores (Wilkesboro, N.C.), was another who anticipated

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increased feminine hygiene category growth. He told SB he expects Massengil to introduce a new douche product sometime in the future. This will help the 63 Lowe's stores' HBA sales, he said, because new products introduced by the leaders "always stimulate the whole market."

Another segment of the personal-care HBA market that has seen a lot of activity in the last year is hair care products: shampoos, conditioners and rinses. Those who spoke to SB were unanimous that conditioning shampoos are where the action is right now, supplanting past fads for proteins, balsams, and fruit-scented shampoos.

But although it may be true that "the conditioning market has gone wild," as one buyer put it, heavy activity in the shampoo field is nothing really new. According to the spokesman for the Northeast chain mentioned above, "the shampoo category is always very active. It's almost a fashion category in respect to changing brand strengths. It's comparable to the apparel industry," he said, "in that different brands have a short, meteoric rise in market share, then drop just as fast."

The spokesman contended that there is very little brand loyalty in shampoos and conditioners, largely because "a disproportionate segment of the shampoo market is early-teen women with no previous loyalty. They first become aware of brands at age 12, 13, 14, and they're an easy target for any promotional campaign of substance.

"Consumers," he continued, "are prone to trying any new shampoo with a nice story to tell much more readily than other personal care categories… The market will change readily in response to believable advertisements.

"So occasionally, a brand will hit it, and then fade," he said. A case in point is Protein 21, which rode the crest of the shampoo-with-protein fashion and then dropped dramatically. That product "in a relatively short time got up to 15 percent of the market. It faded just as rapidly."

From the protein fad, "the market went to balsams, to fruit 'flavors,' back to balsams, and now we appear to have a run on conditioning shampoos."

The exec hastened to add, however, that the market would always have a few "basic cleansing shampoos that are there day in and day out." Such products as Head and Shoulders, Prell, and Johnson & Johnson baby shampoo "are immune to the short term trends," he said.

Chalk Up 'Drastic' Increase

At Eberhard Foods (Grand Rapids, Mich.), too, "shampoo and hair care items have increased drastically over the past year, and the new products entering the market are directly responsible," according to general merchandising director Ron Boekeloo. He mentioned Pert, a conditioning shampoo, and Silkience, a conditioner, as two of the leading newcomers.

Nona Cusick, director of perishables, grocery and GM for Star Markets (Cambridge, Mass.), also said that Pert had started strong in her company's 61 stores, and added that two conditioners, Small Miracle and Enhance, were also showing promise.

However, Cusick contended that "it's too early to say" whether these new entries would spur overall category volume.

In the wake of the rising success of conditioners and conditioning shampoos, there have been some casualties. Al Newton, HBA merchandiser for General Merchandise Distributors, Inc. (Topeka, Kan.), pointed out that since "the major thrust is in conditioners, cream rinses are taking the brunt and going down." Some of the leading manufacturers have been "sweetening the (ad/promo) pie a little bit" in an effort to fight back, he added.

When HBA buyers turn their view to the future, what are they eyeing with greatest interest? Some are optimistic about cosmetics, while a few, noting new product intros, think skin care products might be taking off.

The general attitude towards cosmetics was expressed in a comment from an HBA buyer for a large East Coast chain: "The cosmetic companies have decided that the place to sell cosmetics is the supermarket. We have everything else here; we might as well have cosmetics. The consumer is demanding that these products be available."

According to Charley Bros.' Tom Gaudino, "cosmetics will definitely grow in supermarkets. Someone will come along and challenge Maybelline (for the moderate-price market) and more space will be given to cosmetics. That will be the key," he added.

"Max Factor has been trying to get into the mass merchandising area more," Gaudino noted, but they haven't been too successful so far, in his opinion. "They've been aggressive in allowances and in their new products. But Maybelline is still number one, with 60 to 63 percent of the business," he said.

L'Erin, a relatively new line of cosmetics, may prove to be a successful challenger to the entrenched brands. A number of retailers who spoke to SB reported they've recently added the line.

In one of these chains, Wilt's Food Center (Elkhart, Ind.), the cosmetics are "doing quite well," reported general buyer Sherlin Bollman. He's "satisfied, but we have nothing to compare it with yet"; the line has been in only since the first of the year, he pointed out. ■

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FOCUS: PACKAGED MEDICATIONS

Analgesics Continue as Packaged Med Leader, But Vitamins Surge with Health Concerns

By Eric Menkes, contributing editor

NEW YORK–While analgesics continue to spearhead the booming packaged medicine market, health-oriented supermarket shoppers are reaching more and more for vitamins, as retailers report increased sales and space allocations of vitamin products.

In interviews with buyers and merchandisers from 16 chains, SUPERMARKET BUSINESS found that vitamin sales have mushroomed during the past year to become a significant portion of the packaged medicine market. Nearly all those interviewed spoke of expanding sections prompted by heightened sales.

"The vitamin market is exploding," reported John Calhoun, a merchandising manager for Acme Markets in Baltimore.

The increase in purchases appears to be part of the country's renewed interest in self-improvement. "I think we're still in the health craze," suggests Peter Griffith, HBA buyer in the Miami, Fla., division of Food Fair Inc.

The economic recession appears not to have hurt medicine sales. In fact, it may be helping them. One buyer reports record sales in recent months and another suggests that the economic situation may have convinced more shoppers to travel less and do more shopping in the supermarket.

"My (packaged medicine) sales are fantastic," says Marge Nelson of P & C Markets (Syracuse, N.Y.). James Lines, operations manager for Bonnie Be-Lo stores (Norfolk, Va.), argues that a recession can only pick up his packaged medicine sales: "More people will have nervous stomachs," he says.

Other packaged medicine trends noted by buyers include the following:

- Capsules may soon replace tablets as the leader in the analgesic market;
- Dietetic aids continue to grow in popularity as retailers increase their sales and shelf-space;
- Newcomers occasionally threaten, but traditional cold remedies and antacids are still the best sellers in their categories;
- With prices in supers as low as (or better than) those in most discount drug stores, increased sales show that one-stop shopping will become still more popular in the future.

Competing Vitamins Introduced

Supermarkets have sold nationally-advertised multiple vitamins for some time. These continue to be the most popular sellers, particularly the One-A-Day and Flintstones brands, according to buyers. However, retailers have recently added generic and private labels, and these appear to be eating away at the sales of the better known brands. Eventually, many buyers think, they will become the leaders in the multiple vitamin market.

Shoppers are drawn to the other labels because they are considerably less expensive, buyers say. In the individual vitamin market, private and generic labels already outsell brand names, they add. This is because a national brand has yet to establish itself through extensive advertising and also, as one buyer noted, because "shoppers perceive no difference between a 'name' brand Vitamin C and a generic Vitamin C."

ANALGESIC SALES HAVE BEEN booming in recent years. Most buyers report analgesics to be their best-moving packaged medicine, and second highest turning HBA product.

Increased variety and promotion will make vitamins an even bigger seller in the coming year. Some retailers plan to enlarge shelf space by as much as 100 percent to increase variety.

"As an industry, we've realized that this is a market we have yet to capitalize on," notes one A & P merchandising director. One area that is drawing new interest is the higher-priced group of vitamins. Many buyers report good sales of Stresstabs, one such brand.

The industry faces several obstacles to altering consumer buying patterns. Shoppers are still not used to purchasing \$6 or \$7 bottles of vitamins in the supermarket, according to one buyer. In addition, consumers who purchase vitamins for their children tend to do so during school months, creating a decline in sales in the summertime. This trend will end, though, as sales of adult vitamins grow.

Capsules Moving In

The pain-reliever tablet may soon become a thing of the past, as manufacturers slowly add capsules to the huge analgesic market and the public inches toward their acceptance. Analgesic sales have been booming in recent years, and this past one was no exception. Most buyers report analgesics to be their best-moving packaged medicine, and second highest turning HBA product, usually just behind shampoos.

The introduction of the capsule represents the continuation of a trend that began several years ago with the introduction of the Tylenol line. Virtually all buyers polled report the product as their highest or second highest mover, along with Anacin. "Tylenol took the market and ran with it; it hurt all the others," says Acme's John Calhoun.

Most retailers attribute Tylenol's success to its variety of sizes and strengths. Buyers agree that product loyalty is very high for pain-relievers, and, as a result, Tylenol may have been building up a steadily increasing clientele over the past several years. "Tylenol has increased our (analgesic) business 20 percent," reports Food Fair's Peter Griffith. He believes it has also increased movement in other packaged-medicine categories. Other manufacturers have picked up on Tylenol's success and recently introduced capsules of their own.

While it is too early to gauge the new capsules' success, buyers agree that it is likely they will do well. "Any time new products are introduced, it has the effect of increasing sales because promotional activity is increased in the whole category," says a buyer for a major Atlanta chain.

The public appears to like the capsule concept. While substantively identical to tablets, capsules closely resemble many drugs prescribed by pharmacists. To the consumer, "capsules are psychologically more medicinal; there is more trust in them," notes John Shambo, a buyer for Eisner Food Stores (Champaign, Ill). Others point out that capsules may taste better than tablets and are easier to swallow.

The next year may also see an increase in non-aspirin products. "Tylenol has made a very big impact in the fact that it's convinced people that aspirin-free medicine is more advantageous to their health," claims Wayne Miller, an HBA buyer in Grand Union's Raleigh, N.C., division. Other non-aspirin products have also begun to appear, as well as analgesics labelled "extra-strength." These products are replacing many of the regular strength products, according to Mr. Miller.

Whether capsules will expand the market has yet to be seen. Some buyers caution that because so many new products are being introduced, the result may only be a shifting of the existing market. Thus, the change to capsules might not yield a real increase in sales.

Shoppers Take to Dieting

In addition to vitamins, buyers report that the past year has seen the emergence of yet another expanding product category: dietetic aids. As with vitamin products, consumer demand has swelled for the variety of products available, and supermarketers are energetically responding with new or increased shelf space. "The whole category is moving," notes John Calhoun. "It will be unbelievable," adds Food Fair's Peter Griffith.

An item long available in drug stores, dietary aids are growing in popularity, putting them in supermarkets where they are becoming permanent fixtures. The aids are over-the-counter medicines and do not require a doctor's prescription.

Most buyers attribute the product's growing popularity to the extensive media campaign undertaken by manufacturers. Television ads have made customers aware that dietary aids are now available in supermarkets. "It's because of the heavy advertising that people are looking for them," says one buyer. Retailers are also employing point of purchase and merchandising materials to attract customers.

Sales have also been helped by the results of a 1979 study on nonprescription internal medicines, in which a Food and Drug Administration advisory panel confirmed the safety and effectiveness of two active ingredients in dietetic aids.

Finally, the same factors responsible for the vitamin boom are creating the interest in diet aids. "More people are weight conscious this year," says Bette Stevenson, HBA buyer for Randall Stores (Mitchell, S.D.). One buyer reports that diet aids have even helped vitamin sales. She merchandizes both products together on shelves. "People are more prone to buy vitamins if they're on a diet," she says.

Traditional Leaders Prevail

Elsewhere in the packaged medicine market, buyers see established leaders maintaining their hold over categories, despite occasional threats by newcomers.

As for cold remedies, Nyquil and Contac continue to be cited by most buyers as the best liquid and capsule sellers, respectively. Comtrex is frequently mentioned as a potential threat to the leaders. "It's given people a new look at the whole category," says one Indianapolis buyer.

Some buyers report that cold remedy sales were not as high this year as they have been in the past. They attribute this to the mild winter experienced in many regions. Yet others assert that the severity of the weather makes little difference. "A mild winter makes for more colds and flu," according to Marge Nelson, HBA buyer for P & C Markets (Syracuse N.Y.), which is in the heart of the Northeastern snowbelt.

The seasonal nature of the cold-remedy market makes it a difficult one to assess. In peak seasons, most buyers report, it is the second highest-turning packaged medicine category. "When the cold season hits, just about everything sells," says George Noble, general merchandise manager for Penn Traffic Company (DuBois, Pa.). Yet in warm-climate states, shoppers that do purchase cold remedies, according to buyers, go to pharmacies instead. ■

FOCUS: HEALTH AND BEAUTY AIDS

HBA Sales Jump 14% in 1979 to $6.77 Billion; Shampoo, Toothpaste Still Hold Top Two Spots

by Joe Allen,
general merchandise editor

NEW YORK CITY—Health and beauty aids sales volume in grocery stores topped $6.77 billion in 1979, compared to 1978's $5.93 billion. Sales jumped 14.3 percent in 1979, topping the 10.2 percent figure reported the year before. The one-year increase is the largest jump reported in any year in the past decade.

HBA sales in all outlets stood at $17.55 billion, growing by 9.5 percent over 1978's $16 billion.

The category garnered 3.77 percent of grocery store sales, up from 1978's 3.65 percent. HBA's percent of non-food sales was up as well, reaching 16.36 percent last year, as compared to 16.21 percent the year before.

Grocery stores' share of market increased by two percentage points, from 37 percent in 1978 to 39 percent last year. Food store HBA tonnage jumped a hefty 6.3 percent during the same period.

These statistics are part of SUPERMARKET BUSINESS' 33rd Annual Consumer Expenditures Study. It includes sales and tonnage data from approximately 460 categories.

Packaged medications provided more firepower for grocery store HBA volume increases in 1979 than any other product category. Showing an increase of $162.7 million, packaged meds accounted for just under 20 percent of total HBA gains. Hair products, with a volume increase of $81.6 million, accounted for 9.7 percent of HBA gains.

■ *Continued on following page*

GROCERY STORE MARKET SHARE for HBA

	1979	1978	1977
Adhesive Tape	54%	53%	53%
Aerosol Shaving Cream	39	38	37
After Shave Lotion	31	30	30
Antacids Effervescent	47	45	45
Antacid Liquids	38	37	37
Antacid Tablets, Pills, Gums, Lozenges	49	47	47
Baby Powder	49	48	48
Bobby Pins	23	22	22
Bubble Bath	37	35	35
Cold Tablets, Capsules	27	26	25
Coloring Preparations	14	13	13
Contact Lens Solutions	5	3	—
Cotton Balls	34	33	32
Cough Drops	31	30	30
Cream Rinses	53	51	51
Dandruff Rinses	37	36	36
Denture Adhesives	33	31	31
Denture Cleansers	40	37	37
Diarrhea Remedies	48	47	47
External Analgesic Salves, Ointments, Balms	24	22	22
Eye Lotions, Washes	39	37	36
Eye Makeup Products	16	14	12
Face Cream	19	18	17
Face Lotions & Astringents	10	9	9
Gauze Dressings	20	19	19
Hand Creams	22	21	21
Hemorrhoidal Ointment	26	25	25
Hypoallergenic Formulas	64	63	59
Laxative Tablets, Pills, Gums	30	29	28
Makeup Bases	5	4	4
Manicure Implements	46	47	47
Mens Cologne	7	6	6
Mens Hair Dressing	46	44	44
Metered Calorie Products	39	38	39
Nail Enamel Removers	20	19	19
Nail Polish & Enamel	12	11	10
Pediatric Analgesics	41	39	40
Plastic Nursing Bottles	18	17	17
Pre-Shave Products	40	39	39
Razor Blades	56	55	56
Regular Strength Analgesics	42	41	41
Roll-On Deodorant	37	36	36
Shaving Soaps & Sticks	31	30	30
Sinus Analgesics	40	39	39
Stick Deodorants	37	36	37
Suntan Lotions & Oils	16	15	14
Synthetic Sweeteners	64	61	60
Tampons	55	53	51
Toothbrushes (non-elec)	30	29	28
Vitamins, Tonics	32	31	30

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Contact Lens Solution, Disposable Razors Lead All HBA Categories in Fastest 1979 Sales Gains

KEEPING A FIRM HOLD on HBA's Number 3 best-seller position is internal analgesics. In 1979, this category showed a higher growth rate than shampoo and toothpaste. The category's $401 million sales volume in 1979 represents a 16.3-percent gain over the previous year.

■ *Continued from page 103*

Oral hygiene products boosted HBA by eight percent, with a volume increase of $67.5 million.

Other contributors, in order of their ranking, were health aids, contributing six percent, with a volume increase of $50.6 million; shaving products, 5.8 percent, $48.7 million; cosmetics and hand products, 5.1 percent, $43.2 million; infant feeding formulas, 3.2 percent, $26.7 million.

Rounding out the list of HBA increase contributors were personal deodorants and anti-perspirants, contributing 1.7 percent, with a volume increase of $14.45 million; dieting aids, 0.7 percent, $6.07 million; personal cleanliness items, 0.5 percent, $4.09 million. All other HBA products accounted for 40 percent of grocery increases with a total volume of $339.6 million.

Top Ten Categories

Shampoo once again held the top spot among HBA's top selling categories, although sales increase percentages were smaller than in 1978. Grocery store sales topped $468 million last year, up 9.9 percent over the year before. Grocery store share of market remained constant at 55 percent.

Maintaining a firm hold on the number two spot was toothpaste, which showed a higher rate of growth than shampoo, although it was $60 million behind the leader. The category's $407 million sales volume represented a 10.2 percent increase over 1978, while its market share remained the same, at 57 percent.

Internal analgesics kept their lock on third place. The category continued to show 15 percent-plus sales increases, posting a $401 million volume in 1979. That represents a gain of 16.3 percent over the year before. Its 43 percent market share is identical to that of 1978.

Razor blades, routine infant formulas, first aid products, vitamins/tonics and sanitary napkins held onto their fourth through eighth place positions respectively, far behind the three leaders.

Mouthwash and gargles enjoyed a 10.7 percent sales increase and passed aerosol deodorants to gain ninth place. Although the category maintained a 45 percent grocery store share of market, almost $152 million in sales were reported.

Aerosol deodorants continued to slide, dropping into tenth place with a volume of $150.4 million. That's a decrease of one percent,—happily, less of a drop than last year's five percent fall. Grocery stores continue to have a 56 percent market share.

Sharpest Increases

Among the Top Ten, vitamins and tonics showed the sharpest percentage increase. The category jumped from $162.5 million in grocery sales, with a 31 percent market share, to $192 million in sales and a 32 percent market share. Total domestic consumption went from $521.64 million in 1978 to $597.28 million last year, an increase of 14.5 percent.

First aid products sales were up 14.7 percent over the previous year. Just under $225 million in sales were reported, compared to $195 million in 1978. The category's share of market increased slightly as well, from 44 percent to 45 percent.

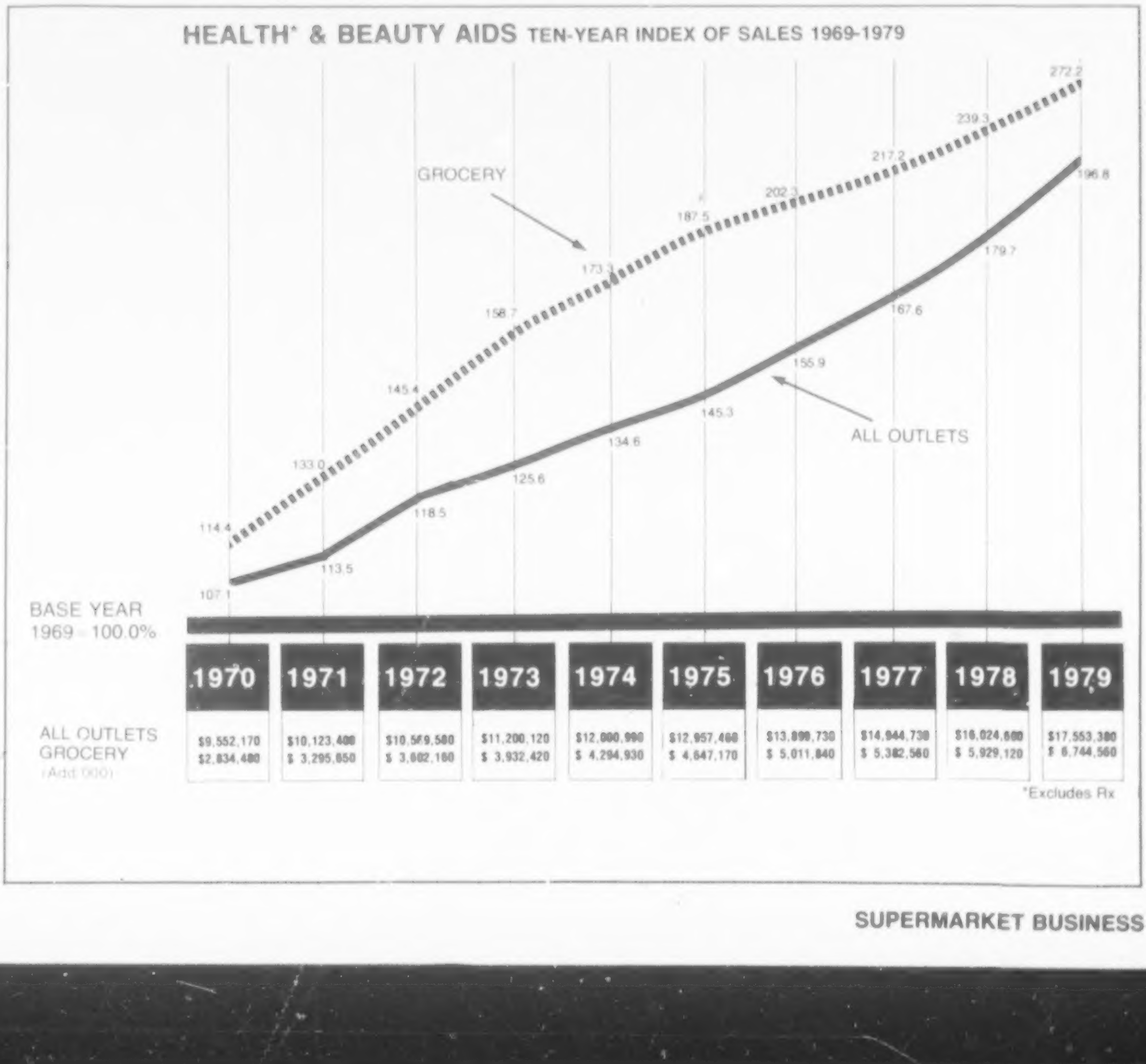
Ten Fastest Gainers

Two categories new to the HBA Ten Fastest Gainers ranked one and two in percentage of sales increases. Contact lens solution, a recent addition to supermarket selections, showed a staggering 125 percent increase. In 1978, the category posted a $2.12 million sales volume. In 1979 it jumped to almost $5.4 million to top all gainers. Its market share nearly doubled, going

HBA'S TEN FASTEST '79 GAINERS

RANK '79	RANK '78	Category	'79 Grocery Store Sales (000)	% Increase From 1978
1	—	Contact Lens Solutions	$ 5,370	125.6%
2	—	Disposable Razor Blade Combinations	43,020	52.4
3	2	Eye Makeup Products	63,720	25.7
4	7	Sinus Analgesics	30,430	24.8
5	—	Roll-on Deodorants	81,980	22.2
6	—	Men's Cologne	15,530	21.5
7	—	Adhesive Bandages	135,640	19.4
8	—	Eye Lotions, Washes	25,300	19.4
9	9	Stick Deodorants	8,230	19.3
10	—	Arthritic Analgesics	14,150	19.2

— Not in top 10 in 1978.



*Excludes Rx

from three to five percent.

Sales of disposable razor blade combinations jumped more than 52 percent from 1978 to 1979. In 1979, a grocery store volume of $43 million was reported, compared to $28.2 million the year before. Grocery store share of market remained constant at 52 percent.

Eye makeup continues to be among the top three gainers. It accounted for $63.7 million in grocery store sales, an increase of 25 percent. Its share of market jumped from 14 percent to 16 percent during the same period.

Other Ten Fastest Gainers included sinus analgesics, $43.02 million in volume, up 25 percent (40 percent market share, up from 39 percent); roll-on deodorants, new to the Ten Fastest Gainers, with $82 million in volume, up 22 percent (38 percent market share, up from 36 percent); men's cologne, also new to the list, with $15.5 million in volume, up 21.5 percent (seven percent market share, up from six percent).

> *HBA sales in supermarkets were up $845.4 million in 1979, while all outlet increases stood at $1.53 billion. Grocery share of total increase was just over 55 percent.*

Rounding out the Ten Fastest Gainers are newcomers (to the list) adhesive bandages, $135.6 million, up 19.4 percent, and eye lotions and washes, $25.3 million, up 19.4 percent. Stick deodorants keep the ninth spot with $8.2 million, up 19.3 percent and list newcomer arthritic analgesics, $14.15 million, up 19.2 percent.

Less Fortunate Categories

Some categories were not so fortunate. Lather shaving cream and loose face powder suffered the heaviest drop in sales in 1979. Lather shaving cream was off 25 percent in volume at $230,000. Loose face powder dropped 24.6 percent to $80,000.

Glass nursing bottles fell 15 percent; feminine sprays continued to decline, decreasing by almost 14 percent. Sanitary belts dropped 9.7 percent and men's talcum was down by 6.3 percent.

Brushless shaving cream posted a grocery volume of $960,000, down 5.2 percent from 1978. The sanitary napkin category, despite a volume of $156 million, was down 3.4 percent. Liquid deodorants decreased by 2.8 percent.

Rounding out the list of Ten Fastest Losers was women's hair spray. The category showed a volume of $326 million but was down 1.6 percent in 1979.

Interestingly, four categories on last year's Ten Fastest Losers list rebounded this year and are no longer on the list. Metered calorie products were viewed in a much better light in 1979 than in 1978. After showing a decrease of 24.6 percent in 1978, the category did a turnaround and was up 6.2 percent last year. More than $13 million was spent on metered calorie products in 1979, compared to $12.5 million spent in 1978.

Similarly, pad deodorants, which were down by 12.7 percent in 1978, showed a 2.8 percent increase in 1979. Consumers spent $380,000 on the category last year.

After losing ground at a 12 percent rate in 1978, cake makeup base was up slightly in 1979. It showed a volume increase of 1.8 percent to $360,000.

However, tooth powder continues to show a decline in volume, although not as pronounced as two years ago. The category, which was down by 8.5 percent in 1978, dropped another 1.1 percent last year. Tooth powders accounted for $1.2 million in grocery store sales last year.

Supermarkets Spur Gains

Health and beauty aids sold in supermarkets made a substantial contribution to domestic consumption increases in HBA. Sales in supermarkets were up $845.4 million in 1979, while all outlet increases stood at $1.53 billion. Grocery share of total increase was just over 55 percent.

Infant feeding formulas showed a supermarket volume increase of $26.67 million. For all outlets, the gain was $34.66 million. Grocery store sales accounted for just under 77 percent of total store increases.

Oral hygiene products were up by $119.27 million for all outlets. In grocery stores, these products were up $67.5 million. That represents 56.6 percent of the total category gain.

First aid products were up more than $55 million last year. Of that, $28.67 million, or 51 percent, came from grocery outlets.

Other major grocery store contributors to HBA increases were internal analgesics, 47 percent coming from grocery outlets; shaving products, 49 percent; hair products, 47.5 percent; deodorants and anti-perspirants (roll-on), 45.5 percent; vitamins and tonics, 39 percent; other packaged medications (non-Rx), 31 percent; cosmetics and hand products, 24.8 percent. ■

HBA'S TOP TEN *

RANK '79	RANK '78	Item	Grocery Store Sales (000) 1979	% Change 1979 vs. 1978
1	1	Shampoo	$468,030	9.9
2	2	Toothpaste	407,260	10.2
3	3	Analgesics, Internal	401,890	16.3
4	4	Razor Blades	303,100	10.9
5	5	Routine Infant Formulas	233,310	10.1
6	6	First Aid Products	224,280	14.7
7	7	Vitamins, Tonics	192,130	18.2
8	8	Sanitary Napkins	156,030	-3.4
9	10	Mouthwashes, Gargles	151,790	10.7
10	9	Aerosol Deodorants**	150,400	-1.0

* Non-Rx only

** Includes powder, but excludes feminine sprays.

HBA'S TEN FASTEST '79 LOSERS

RANK		% Decrease from 1978
1	Lather Shaving Cream	25.3%
2	Loose Face Powder	24.6
3	Glass Nursing Bottles	15.1
4	Feminine Sprays	13.9
5	Sanitary Belts	9.7
6	Men's Talcum	6.3
7	Brushless Shaving Cream	5.2
8	Sanitary Napkins	3.4
9	Liquid Deodorants	2.8
10	Women's Hair Sprays	1.6

GROCERY STORE CONTRIBUTION to HBA* INCREASE, 1979-1978 (For 10 groups and sub-groups)

*Non-Rx products only	1979 Sales (000)	1978 Sales (000)	'79-'78 Sales Increase (000)	Grocery Store Share of Increase
TOTAL HBA (Non-Rx)				
Grocery Stores	$ 6,774,560	$ 5,929,120	$ 845,440	55.3%
All Outlets	$17,553,380	$16,024,600	$1,528,780	
Cosmetics, hand products				
Grocery stores	$ 336,550	$ 293,290	$ 43,260	24.8%
All outlets	$ 2,115,330	$ 1,940,580	$ 174,750	
Deodorants, Anti-perspirants (Roll-on)				
Grocery stores	$ 81,980	$ 67,090	$ 14,890	45.5%
All outlets	$ 216,720	$ 183,970	$ 32,750	
Vitamins, Tonics				
Grocery stores	$ 192,130	$ 162,550	$ 29,580	39.1%
All outlets	$ 597,280	$ 521,640	$ 75,640	
Oral Hygiene products				
Grocery stores	$ 674,110	$ 606,570	$ 67,540	56.6%
All outlets	$ 1,388,420	$ 1,269,150	$ 119,270	
First Aid products				
Grocery stores	$ 224,280	$ 195,610	$ 28,670	51.3%
All outlets	$ 496,450	$ 440,560	$ 55,890	
Analgesics (internal)				
Grocery stores	$ 401,890	$ 345,480	$ 56,410	47.3%
All outlets	$ 925,110	$ 805,860	$ 119,250	
Other Packaged Medications (Non-Rx)				
Grocery stores	$ 786,610	$ 680,240	$ 106,370	31.2%
All outlets	$ 3,131,570	$ 2,790,510	$ 341,060	
Shaving products				
Grocery stores	$ 474,000	$ 425,290	$ 48,710	49.4%
All outlets	$ 1,206,560	$ 1,107,900	$ 98,660	
Hair products				
Grocery stores	$ 955,650	$ 874,030	$ 81,620	47.5%
All outlets	$ 2,384,260	$ 2,212,270	$ 171,990	
Infant Feeding Formulas				
Grocery stores	$ 285,240	$ 258,570	$ 26,670	76.9%
All Outlets	$ 394,200	$ 359,540	$ 34,660	

GM/HBA Grocery Sales Up $2.5 Billion in '79 As Supermarkets Tap Certain Key Categories

by Bruce Buckley, editor

NEW YORK CITY—Grocers across the country tapped the rich potential of certain key general merchandise categories, as overall GM sales rose more than $2.5 billion in 1979. Even with health and beauty aids removed from that total, last year's GM volume gain was still almost $1.6 billion.

Key growth categories included motor oil & additivies; men's & boys' underwear; disposable cigarette lighters; flashlights & batteries; photo film & processing; and pet accessories.

In every case, grocery store volume made up only a relatively small share of the national market, so the growth possibilities were largely untapped.

Consider photo film & processing, for example. In 1979, grocery stores had a 12 percent share of an almost $3.4 billion U.S. market, up one percentage point in share from 1978. But grocery stores' share of the total 1979 sales *gain* in the category—$74.8 million—was a hefty 75.1 percent.

Flashlights & batteries was another category where the growth action was heaviest in grocery stores. From 1978 to '79, total sales in all outlets increased slightly more than $98 million. Grocery stores' share of that increase? More than $53 million, or 54.5 percent.

The story is similar for motor oil & additives; there, grocery stores carved out an almost 60 percent share of a more than $108 million national volume gain.

In grocery stores, there were other categories that contributed heavily to the overall GM sales growth. Pet accessories, for example, increased in grocery store volume by more than $60 million, a 38.5 percent share of the national increase of almost $156 million. Stationery sales improved by almost $10.6 million in grocery stores. That amount represented 29 percent category moved like a shot last year. Its $185.8 million in grocery store sales represented a 53.4 percent increase over 1978 sales volume.

of the national sales increase of $36.5 million. And women's hosiery showed a grocery sales increase of almost $42.5 million, 20.6 percent of the overall sales increase of slightly more than $206 million.

Winner: Motor Oil & Additives

Motor oil & additives headed the list of 10 fastest GM gainers in 1979.

■ *Continued on page 108*

HEADING THE LIST OF 1979 FASTEST GM GAINERS was motor oil and additives, with a healthy 41.3% growth in grocery store sales.

WHERE THE 1979 GM * SALES INCREASE CAME FROM

		Sales Increase Over 1978 (000)	% of Total Gain
1	Housewares	$259,360	16.4%
2	Magazines & Newspapers	87,720	5.5
3	Motor Oil & Additives	64,680	4.1
4	Pet Accessories	60,020	3.8
5	Photo Film & Processing	56,150	3.5
6	Flashlights & Batteries	53,470	3.4
7	Women's Hosiery	42,470	2.7
8	Toys	19,770	1.3
9	Phonograph Records	14,470	0.9
10	Men's, Boys' Underwear	11,270	0.7
11	Household Glassware	10,610	0.7
12	Stationery	10,590	0.7
13	Photo Flash Bulbs & Cubes	10,320	0.7
14	Disposable Cigarette Lighters	8,790	0.6
15	Writing Implements	7,390	0.5
16	Sunglasses	7,090	0.4
17	Greeting Cards	6,630	0.4
18	Men's Hosiery	3,580	0.2
19	Garden Seed Packets	3,430	0.2
20	Vacuum Bottles, Jugs	3,300	0.2
21	Shoe Laces (replacements)	1,350	0.1
	All Other GM	836,860	53.0
	TOTAL GAIN	**$1,579,320**	**100.0%**

*Excludes HBA & Rx

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DISPOSABLE FACT #12

AMAZING GROWTH PREDICTED FOR DISPOSABLE SHAVERS

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David Pinto, Chain Drug Review, 2/11/80

SHOULDN'T YOU REPLACE THE BLADES THAT AREN'T SELLING WITH THE SHAVER THAT IS.

BiC shaver

Motor Oil Posts '79 Grocery Sales Increase of 54.7%

■ *Continued from page 107*

Even after taking away the impact of inflation, the real gain, measured in tonnage, was a very healthy 41.3 percent.

Most of that volume was in motor oils, which posted grocery store sales of $163.8 million last year, compared to almost $105.9 million in 1978, a gain of 54.7 percent. Additives rang up grocery sales of more than $22 million in 1979, a 44.3 percent increase over 1978's volume of $15.3 million.

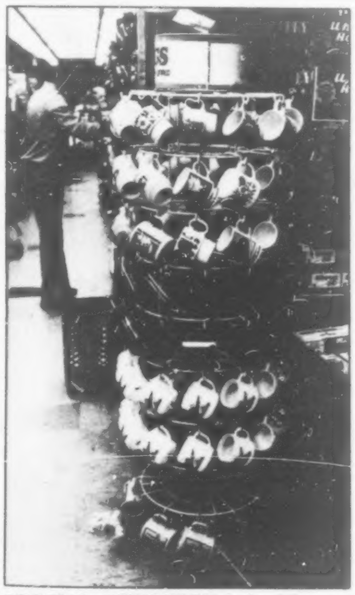
The grocery store sales gain for men's & boys' underwear seemed somewhat modest compared to motor oil's gargantuan leap, but was still quite respectable indeed. The category's almost $53.5 million in grocery sales represented an $11.27 million sales improvement over 1978's figure.

One of the front end's fast movers, disposable cigarette lighters, also showed a strong surge last year. The category's grocery store volume of almost $50.5 million represented a 21.1 percent increase over 1978 sales.

Other GM categories that made the 10 fastest gainers list were flashlights & batteries (1979 grocery store volume of $307.9 million, up 21 percent over 1978); cat litter ($135.2 million in 1979 grocery sales, up 19.2 percent); sunglasses (1979 grocery sales of $44 million, up 19.2 percent); film for still cameras ($280.7 million in 1979 grocery sales, up 18.7 percent); toys ($136.1 million in 1979 grocery sales, up 17 percent); fine line porous pens (1979 grocery sales of $21.9 million, up 16.8 percent); and writing tablets & pads ($50.8 million in 1979 grocery sales, up 16.4 percent).

Grocery Stores Improve Share

Through increased attention, grocery stores succeeded in improving their share of total national market in 11 GM categories. Heading the list of categories in which gains were made was motor oil & additives, with a gain of five percentage points. Disposable lighters and cat litter were next with an increase of three percentage points each.

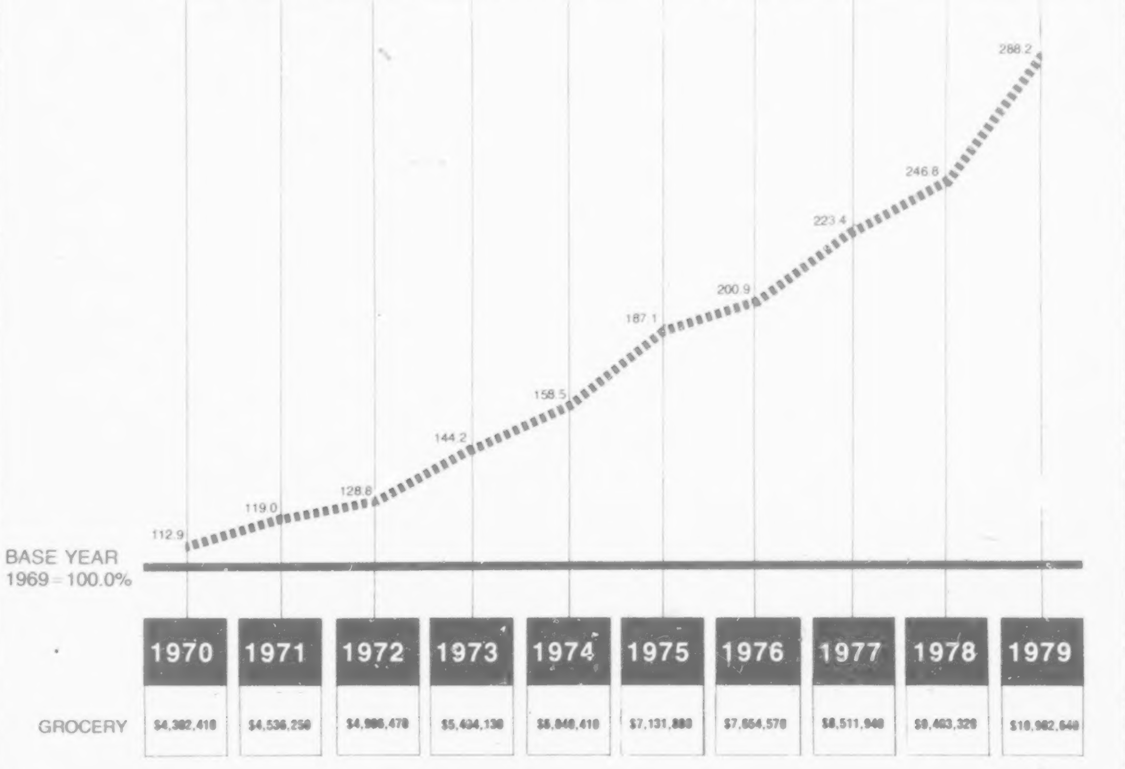


SPECIAL ATTENTION helped housewares (other than glass) achieve a 16.4% share of 1979 GM gain.

GROCERY STORE CONTRIBUTION TO VARIOUS GM* INCREASES, 1979-1978

*Excludes HBA & Rx	1979 Sales (000)	1978 Sales (000)	'79-'78 Sales Increases (000)	Grocery Store Share of Increase
Magazines & Newspapers				
Grocery stores	$ 783,920	$ 696,200	$ 87,720	17.1%
All outlets	$5,127,010	$4,614,590	$512,420	
Flashlights & Batteries				
Grocery stores	$ 307,940	$ 254,470	$ 53,470	54.5%
All outlets	$ 958,030	$ 859,950	$ 98,080	
Motor Oil & Additives				
Grocery stores	$ 185,820	$ 121,140	$ 64,680	59.8%
All outlets	$ 986,320	$ 878,230	$108,090	
Photo Film & Processing				
Grocery stores	$ 409,570	$ 353,420	$ 56,150	75.1%
All outlets	$3,389,520	$3,314,720	$ 74,800	
Pet Accessories				
Grocery stores	$ 438,870	$ 378,850	$ 60,020	38.5%
All outlets	$1,389,100	$1,233,150	$155,950	
Women's Hosiery				
Grocery stores	$ 466,770	$ 424,300	$ 42,470	20.6%
All outlets	$2,475,530	$2,269,480	$206,050	
Phonograph Records				
Grocery stores	$ 143,680	$ 129,210	$ 14,470	10.8%
All outlets	$1,479,710	$1,345,160	$134,550	
Stationery				
Grocery stores	$ 97,230	$ 86,640	$ 10,590	29.0%
All outlets	$ 465,830	$ 429,310	$ 36,520	
Household Glassware				
Grocery stores	$ 106,360	$ 95,750	$ 10,610	10.4%
All outlets	$ 724,680	$ 622,390	$102,290	

GENERAL MERCHANDISE (EXCLUDING HBA) TEN-YEAR INDEX OF SALES 1969-1979



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GM'S* TEN FASTEST '79 GAINERS

Rank	Category	'79 Grocery Store Sales (000)	% Increase From 1978
1	Motor Oil & Additives	$185,820	53.4%
2	Men's, Boys' Underwear	53,470	26.7
3	Disposable Cigarette Lighters	50,450	21.1
4	Flashlights & Batteries	307,940	21.0
5	Cat Litter	135,230	19.2
6	Sunglasses	44,040	19.2
7	Film**	280,690	18.7
8	Toys	136,070	17.0
9	Fine Line Porous Pens	21,860	16.8
10	Writing Tablets, Pads	50,770	16.4

*Excludes HBA & Rx
**Excludes movie film.

HOUSEWARES OTHER THAN GLASS was the category which topped all others in GM dollar gains last year with a $259 million increase.

■*Continued from preceding page*

For disposable lighters, grocers' market share rose to 29 percent in 1979 from 26 percent the previous year. Grocery stores' share of the total motor oil & additives market increased from 14 to 19 percent in 1979. And for cat litter, grocers' market share went from 69 to 72 percent last year. This last increase followed a hefty gain of eight percentage points from 1977 to '78.

Other categories in which grocery stores improved their market share last year were:

Ball point & fountain pens (13 percent in 1979, up one percentage point); fine line porous pens (12 percent last year, also up one point); flashlights & batteries (32 percent in 1979, up two points); photo film & processing (12 percent in 1979, up one point); photo flashbulbs & cubes (13 percent last year, up one point); stationery (21 percent in 1979, up one point); toys (three percent in 1979, up one point) and vacuum bottles, jugs (13 percent in 1979, up one point).

Of the more than $1.5 billion gain in supermarket general merchandise (excluding HBA) sales last year, $259 million was contributed by housewares other than glassware. That category made up 16.4 percent of the total increase.

Magazines & newspapers came next, contributing $87.7 million, or 5.5 percent, of the increase. Motor oil & additives took a 4.1 percent share of the total sales increase, with a grocery store sales rise of $64 million.

Other categories that contributed to the GM sales increase included pet accessories ($60 million, 3.8 percent); photo film & processing ($56.2 million, 3.5 percent); flashlights & batteries ($53.5 million, 3.4 percent); women's hosiery ($42.5 million, 2.7 percent); and toys ($19.8 million, 1.3 percent). ■

GROCERY STORE MARKET SHARE FOR GM*

	1979	1978	1977
Ballpoint & Fountain Pens	13%	12%	12%
Cat Litter	72	69	61
Disposable Cigarette Lighters	29	26	24
Fine Line Porous Pens	13	12	12
Flashlights & Batteries	32	30	29
Motor Oil & Additives	19	14	13
Photo Film & Processing	12	11	10
Photo Flash Bulbs & Cubes	13	12	12
Stationery	21	20	20
Toys	3	2	2
Vacuum Bottles, Jugs	13	12	12

*Excludes HBA & Rx

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FOCUS: PHOTO SUPPLIES

Photo Finishing Boosts Film Sales Up to 200%; Drop Box, Service Counter Draw Customers

by Judie Crosson, midwest editor, and Eric Menkes, contributing editor

CHICAGO—Retailers can increase their profits as much as 200 percent by adding photo finishing to their film sales operations.

That's the word from Glenn Taylor, Eastman Kodak's market specialist to the food trade, who notes that supermarkets are one of the last retail outlets to enter the photo picture. While 85 percent of supermarkets now offer film to their customers, only 39 or 40 per cent offer photo finishing, he said.

Film finishing can help supermarketers in a number of ways, Taylor points out. One, it provides a good profit margin. Two, it requires that a shopper return to the store to pick up film dropped off earlier. In all likelihood, Taylor claims, the customer will purchase additional store items on this return trip.

Processing also increases the likelihood a customer will buy more film—which will then be brought back for processing, creating a cycle.

Growth of one-stop shopping makes the supermarket an ideal outlet for film and film processing, Taylor adds. Kodak research shows that 65 per cent of its amateur film is purchased by women. "We're putting film where Ms. America goes to buy it," Taylor says. Photo finishing goes hand-in-hand with this service, he adds.

Do Business with Local Labs

Most retailers who have entered the photo finishing market conduct their business with local, independent photo laboratories.

Retailers who talked to SUPERMARKET BUSINESS generally agreed that independent photo finishers are the most convenient to work with because their physical proximity minimizes pick-up and delivery problems.

Kodak's Taylor sees no difficulties with this arrangement. "I think supermarkets are more comfortable with the guy down the street," he says. But as their services expand, Taylor notes, supermarkets may wish to offer supplier photo finishing to augment their independent processing. This has been the case with many drug chains, which offer consumers a range of photo services.

Retailers planning to enter the photo finishing market should follow several procedures, Taylor advises: Film for processing should be dropped off at a service desk in order to bring people back into the store, he emphasized. "If there is no service desk, there should at least be a drop-box located near film displays," he adds.

Mailers: Self-Defeating

Customers prefer some sort of person-to-person contact, he noted. It is for this reason mailers have not been very successful. In addition, they defeat the objective of bringing customers back into the store.

"Retailers have to advertise if they are offering photo finishing, because you must let people know you are now offering this service," Taylor said.

Increases in film sales can be prompted by the addition of photo finishing "as high as 50 to 200 per cent" over previous sales, according to Taylor.

Photo En
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BURGER

NEARLY 80 PERCENT OF FILM purchases are unplanned or on impulse. For this reason, film should be merchandised on gondolas at the end of an aisle, according to Glenn Taylor, Eastman Kodak's market specialist to the food trade.

A retailer needs about three months to implement a program, he said. "We've seen some do it in less time, but we don't recommend it," he added. Taylor also suggested that retailers deciding to offer photo processing or film start their programs at peak periods—the beginning of summer or at Christmas time.

The extent of photo finishing services supermarkets wish to offer varies with the chain, according to Taylor. When first beginning, he said, most chains like to offer only a basic developing service, "to test the waters." Afterwards, some prefer to get into specialized services that include enlargements, the copying of prints from slides, and vice versa. "They go slowly to find what the customer wants," he said.

Taylor added that the boom of 35 mm photography in the last several years has demanded the more extensive services. While color-print, instamatic cartridge film for pocket size cameras continues to be the country's best seller, Taylor predicted that 35 mm sales will continue to grow.

Merchandising Efforts Vital

Merchandising techniques may determine the success or failure of film sales. Nearly 80 per cent of film purchases are unplanned or on impulse. For this reason, film should be merchandised on gondolas at the end of an aisle, according to Taylor. Retailers who spoke to SUPERMARKET BUSINESS said their film or photo supplies were displayed in the front of the store in order to take advantage of impulse buying.

Pete Griffis, director of general merchandise for the Pantry Pride division of Food Fair, Inc., has found that sales can increase 30 per cent by using a Sylvania 3-D stand-up unit in the front of the store. "You get better exposure and more variety," Griffis said. He added that the stand holds film, flash cubes and razor blades on a third side.

Safeway Stores Inc. (Oakland, Calif.) sells instant cameras in its gift center areas in about 250 to 300 of its 350, 30,000-square-foot super stores, according to Felicia Del Campo, manager for corporate public affairs.

Kodak's Taylor noted that more expensive cameras and other film related items might best be sold in a super store because these items require sales clerks. For self-service settings, he recommended photo albums as a good film-related general merchandise item.

Retailers can choose from among brand name films, private labels or a combination of both. Private labels can offer an advantage if they accompany processing because customers believe that the private label should be returned to the place of purchase, according to Gordon Kill, sales manager of color film for the photo products division [illegible] 3M in St. Paul, Minnesota.

Film prices swelled this year as the cost of silver, used in the production of film, increased. Kill estimated 3M's price increases this year in the neighborhood of seven to 20 percent.

Customers didn't panic during the price rise, Kill claimed. Kodak's Taylor said he believes the price increase has been "washed out of the system" since the price of silver has fallen.

Advertising Targets Holidays

Film advertising focuses on family holidays, especially Christmas, retailers said. "We advertise film in the regular grocery ads during family holidays," said Bob Payne, vice president of general merchandising operations at Albertson's, Inc. (Boise, Idaho). Pantry Pride's Griffis said that in addition to newspaper advertising, notices for film specials are put on the front of store windows.

A & P has been selling film and flash for 10 years and processing in all its stores for four years. A current special offers film with processing for $4.99, according to Jeanne Kreutzer, assistant to the buyer for soft goods, film, flash and stationery. At holiday times, dumps are used at special displays near the front of the store, she added. ■

Dan's Supermarkets 'Family Reading Center' Hikes Sales 30% For Super Valu Franchisee

by Carol Fensholt, managing editor

BISMARCK, N.D.—The first official Supermarket Family Reading Center in the nation has prompted magazine sales to soar 30 percent in the past two months for Dan's Supermarket Co., Inc., operating three stores here and one in Dickinson, 100 miles west of Bismarck.

"We're real pleased," says Bill Zerr, director of produce and non-foods for the four-store firm, whose new stress on GM has so far boosted its portion of dry grocery space to 22 percent and its share of total store sales to six percent.

Adds Arnold Dockter, sales manager for Sak's News, Inc., Dan's publications distributor: "We supply about 75 stores, and sales have been generally soft recently due to the recession. When we consider that 30-percent publications increase in this light, we get really excited about what's going to happen in the next several months."

The Family Reading Center concept was developed by the Periodicals Institute, Inc., the New York-based marketing association for the magazine and paperback distribution industry. The concept is being tested by Kroger and Fazio's, as well as by Dan's.

> *"When we consider our 30% increase in light of the recession, we get really excited about the next several months."*

Dan's Supermarkets' increased sales have come from one store, a 35,000-square-foot Super Valu known in the company as the Kirkwood store because it's located in the city's Kirkwood shopping center.

Near-tripling of magazine space, illuminating the racks and strategically locating the magazine section near deli and bakery have combined to prompt the increase, Zerr reports.

Revamping of the magazine section was done in conjunction with remodeling and re-opening the store the third week of June; a chief purpose was to put greater stress on non-foods, Zerr says.

"We as a company have been wanting to make a bigger commitment to general merchandise," he explains.

Dan's, a Super Valu franchisee since its founding with one store in 1953, had until two years ago been serviced by a rack jobber, Zerr explains. Then the company decided to put together its own GM program, and Zerr's responsibilities were expanded from produce to non-foods as well.

The decision to lead off with a stronger magazine program was made because "I wanted to expand something that was already doing well," Zerr says. "Magazines had been selling very well for us, so when we eventually remodeled the Kirkwood store, we naturally looked to this department."

With the help of Sak's News, Inc., Zerr adapted the Family Reading Center concept to his Kirkwood store.

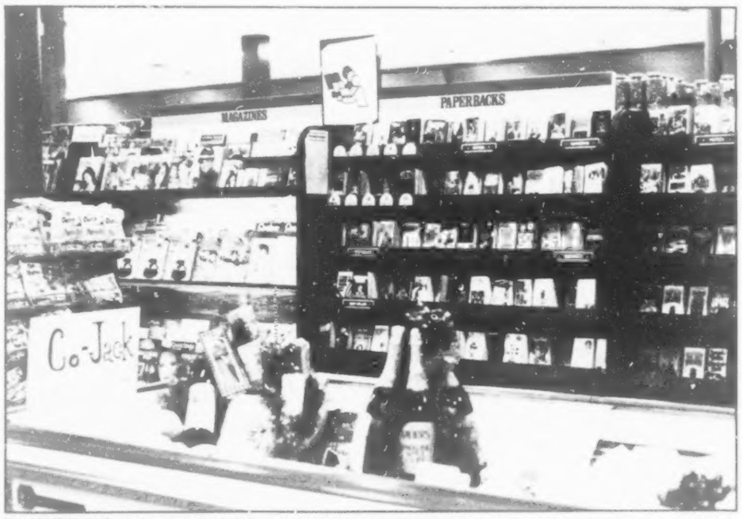
Nearly Triples Space

To implement the program, rack space for magazines and paperbacks was boosted from eight to 30 running feet; 18 feet are devoted to magazines, with the remaining 12 feet occupied by paperback books.

Dan's also installed lights along the bottom of each shelf of the rack, to illuminate the magazines and paperbacks on the shelf below. This makes the colorful covers stand out with shopper-stopping impact—during a recent visit, SB observed that hardly a shopper was able to pass by the rack without stopping for at least a minute or two to browse.

In the Kirkwood store, the Family Reading Center has been relocated near the last stop in the traffic pattern, close to the deli and bakery. This corner of the store was carefully designed during the remodel to maximize sales.

"We've found this to be an ideal spot for the magazine section," Zerr explains. "Shoppers are near the end of their trip around the store; as they approach the bakery and deli, they tend to slow down a little to peruse the cases, ask questions of the clerks behind the counter, and wait while she selects, cuts and wraps their purchases."



FAMILY READING CENTER CONCEPT involved expanding rack space from eight to 30 feet, installing lights along bottom of each shelf and strategically relocating magazine section near deli and bakery.

While they wait, shoppers can catch sight of—and frequently gravitate to—the high-profit magazine section...even though it's two aisles away toward the center of the store. This is possible because the aisle between the magazine rack and the perimeter of the store, where bakery and deli are located, was deliberately cut short to allow a view of and easy access to the Family Reading Center (see diagram).

Located Near 'Power' Aisle

The space left by the shortened gondola now is used for a low reach-in cheese case, in itself an excellent impulse merchandiser, and over which shoppers can readily see, from the bakery and deli, the array of illuminated magazines and best-selling paperback books.

HARDLY A SHOPPER is able to pass by the Kirkwood store's Family Reading Center without stopping to browse. The racks, near deli and bakery at the end of the traffic pattern, are ideally located to snare impulse sales, Dan's management believes.

Another strategy helping to boost magazine and paperback sales at the Kirkwood store is location of the rack across from laundry soaps and detergents, an aisle visited by virtually every shopper.

"Our philosophy about GM is to integrate it," Zerr explains. "We try to put every GM category across from a department featuring a highly consumable item—and you can hardly find a more highly consumable item than soap."

The magazine rack itself features a wide assortment of magazines, with emphasis on those appealing to middle-income families—in the Bismarck area, average income is about $15,000, Zerr estimates.

"Of course, women's magazines are our biggest sellers—women comprise about 80 to 82 percent of the shoppers in this area," he notes. But the company also does well with publications geared to the Bismarck area—magazines with a horse-and-rider, home fix-it or Western theme.

Another growing area is a paperback reference section emphasizing topics such as diet, nutrition and low-calorie or specialty cooking, Zerr adds.

A merchandising aid in the Family Reading Center's paperback section is facing numbering from one to 25, indicating the ranking of top-selling paperbacks on Sak's bestseller list. This list is posted nearby for shopper reference as well.

The Family Reading Center is serviced three times a week, according to Sak's sales manager Dockter. "Monday we stock all the racks with merchandise," he explains, "and reorder to replace what's been sold over the weekend and what's needed for the coming week.

"Wednesday we'll come in and put the reorders away, and reorder anything that's low or out-of-stock.

"Friday we'll stop in to make sure that everything's in stock and fresh for the weekend."

Combination of 'Basics,' Seasonal Merchandise Sparks Soft Goods Growth in Supermarkets

by Robert D. Rauch, assistant editor

CHANGING STOCK FREQUENTLY is necessary to attract customers to the soft goods display. New items will draw shoppers to what is typically a low-interest department.

SALES LEADER among soft goods is women's hosiery, described as "a category in itself."

GRAND RAPIDS, Mich.—A carefully chosen mix of strong-selling "staples" plus quality seasonal merchandise is one of the keys to success with soft goods. But stocking the right merchandise at the right price, alone, won't open the door to high profits.

As a rule, shoppers don't choose grocery stores because of their soft goods. And if you display the same items week after week, regular shoppers will soon learn to ignore these products.

By changing your stock frequently and displaying a wide variety of items, you'll attract shoppers to this department and boost sales significantly.

That's the advice of ten grocery retailers and wholesalers interviewed by SUPERMARKET BUSINESS. They also revealed the products with which they've had the most success, offered proven merchandising hints, and described some of the pitfalls to avoid in running a profitable soft goods program.

Attracted by profit margins that can range from 30 to 35 percent and up, more and more grocers are adding soft goods to their expanding general merchandise sections. Best results come from displaying steady-selling staple items and selected seasonal goods, the grocers say.

Most popular staple item is pantyhose, which emerged out of nowhere during the 70's and has shown consistent sales gains. Kitchen and bath towels, bed linens, and men's and boys' underwear and socks are also proven sellers, the grocers report. Larger stores also are stocking lafie-fashion blouses and slacks.

Seasonal items that do well are women's sun dresses, rubber thongs, and woolen gloves, hats and scarves.

But the soft goods category also lends itself to experimentation and one-shot, in-and-out promotions. Newer items that have caught the fancy of the public include cowboy hats, emblem hats, jogging shoes and jeans.

"Our basic soft goods have held up pretty well," says Charles Losey, general merchandise director, Spartan Stores (Grand Rapids, Mich.).

Pantyhose Is Popular

"Pantyhose is super-strong—it's almost a category in itself," he claims. "Supermarkets are helping to make it more competitive. Ninety-nine cents is a very popular price for a pair. Where else but a supermarket can you find it for that price?"

Kitchen domestics are doing "very well" at H.E. Butt Grocery Co. (Corpus Christi, Tex.), says soft goods buyer Bertha Summers.

"I really think this is because of our header program," she says, referring to a specially designed section. "The merchandise is coordinated, and our display is attractive—it says 'buy me.'"

The Texas chain uses two different-sized sections to display these items, depending on store size and layout. The three-foot section holds 30 different products, while the five-foot section holds 48.

Some of the stores "cross-merchandise soft goods, for example, displaying towels in the detergent aisle, Summers says.

A four-foot pegboard section displays kitchen domestics in stores serviced by Hudson-Thompson, Inc. (Montgomery, Ala.), says GM director Bob King. "It fits in nicely with the Rubbermaid display," he says.

Does Cross-Merchandising Work?

Some stores claim cross-merchandising helps sales, while others find that products move best when displayed in separate sections.

"Soft goods is a department in itself, so we keep it in a separate section," says Al Arnold, sales manager, West Coast Grocery Co. (Tacoma, Wash.).

But at Vons Grocery Co. (El Monte, Calif.), both approaches are used, according to GM director Sonny King.

"In our 19 super stores, they're in a separate department. In our conventional units, we're tied into the space we've got, but we try to put the best mix in each store—usually, there isn't much latitude. But we'd like to expand our soft goods display," King says.

And Hudson-Thompson's Bob King offers yet another opinion.

"Cross-merchandising is by far the best way," he asserts. "But it's a controversial subject. Some people keep separate sections, but companies are successful with both ways," the GM director claims.

Regardless of the methods they use, the grocery execs agree strongly on one point. To be successful with soft goods, you must pay attention to the section and change the merchandise frequently to attract customers.

'Have Something Fresh'

"You have to have the space and expertise to do a good job," says Spartan Stores' Charles Losey. "You have to treat it differently than, say, canned corn. You have to display it, change it, and have something fresh all the time," he claims.

If a shopper sees the same thing week after week, she won't come back to the section, Losey believes. "There should always be something new for her to look at," he advises.

Hudson-Thompson's Bob King made a similar comment discussing his company's switch to a new kitchen domestics line. "The customer is receptive to brighter patterns, and will pay a little more for them," he claims. "We're getting away from the basic stripes and checks.

"It's very definitely an impulse item, and that's why we're going to a brighter look," he notes. "You get the same customer week in and week out, so you have to continuously update and revise the merchandise."

Will advertising help soft goods sales? Maybe among your regular customers, but don't expect it to draw flocks of new customers, the execs caution.

"We don't feel we could bring anyone to the store by advertising soft goods," says Hudson-Thompson's Bob King. "They have little pulling power," he feels.

But most stores do advertise best specials, such as pantyhose and seasonal items, to point out these bargains to steady customers.

Ecomart Supply, Inc. (Concordia, Kan.) runs about ten ads a year, mostly for pantyhose, says assistant soft goods buyer Dennis Reinwald. And H.E. Butt has reaped sales gains for its pillows via an ad, according to Bertha Summers.

Take On Department Stores

Supermarketers who are looking to expand their soft goods selection shouldn't be afraid to take on the department stores, the grocery execs believe. But if they offer the same merchandise, the food stores should sell it at a noticeably lower price.

For example, H.E. Butt sells "a tremendous number" of pillows because shoppers perceive them as a bargain, says Bertha Summers. The chain's retail price is $3.99, compared to the department store price of seven or eight dollars.

Gateway Foods (LaCrosse, Wis.) supplies a famous brand of jeans that retails for $12.99, versus $24.99 elsewhere, says GM director Mike Hase.

The buyers claim the trend to one-stop shopping will continue to expand supermarket sales of soft goods and related merchandise. Thin grocery profit margins will also attract more food retailers to the category. But selling soft goods is not without its pitfalls.

Late Deliveries Abound

Late deliveries and unseamable merchandise continue to plague retailers. That's why suppliers should be checked thoroughly before you take on a new line.

"The past history of a company is very important in soft goods," says Gateway's Mike Hase. "You've got to weed out those who can't deliver." Merchandise seamability is also critical to Hase. In fact, it's sometimes the determining factor in his selection of a supplier.

"If price and quality among suppliers are equal," he points out, "we'll go with the one that's seamable." ■

FOCUS: AUTOMOTIVES

Some Stores Enjoy Hike in Automotive Sales While Buyers Say 'It Isn't Just Oil Anymore'

by Joe Allen, general merchandise editor

NEW YORK CITY—Automotive sections in supermarkets, finally winning the fight for consumer confidence, are now showing sales increases of from 10 to 30 percent. The lion's share of those increases still comes from sales of motor oil, but its success is convincing store operators to push further into accessories and self-installation products.

Supermarketers around the country believe they are the big winners in the continuing oil crunch, saying skyrocketing prices at service stations are forcing consumers to look elsewhere for their automotive needs. That, combined with the convenience of one-stop shopping at supermarkets, has made the climate right for a grocery bonanza in automotives.

Some supermarkets are devoting as much as 20 feet to automotives sections. As operators see more men shopping and more women prepared to undertake minor auto maintenance, space will be allotted even more readily.

These were some of the observations of 10 automotive and general merchandise buyers interviewed by SUPERMARKET BUSINESS for its 33rd Consumer Expenditures Study issue.

Those buyers with more modest sales reports say the relative newness of the category and their own lack of aggressiveness in merchandising it has held down initial growth. However, all those interviewed forecast significant future hikes in automotives volume.

Sales increases among those stores interviewed averaged 17 percent. One store cited a 30 percent increase. Buyers also reported increases in tonnage.

Oil Still the Key

While motor oil was cited as the most important element in automotive departments, opinions were mixed as to how extensive an oil selection should be and what other items should be included in the department.

"We carry 10 to 12 different brands of oil," said Rolland Helmling, general manager of Harold's Supermarkets (Vincennes, Ind.). "In addition, we have close to 100 accessory items. Oil filters are the best seller in that category."

The GM buyer for a Florida chain said many of the chain's stores can get away with having only three or four brands of oil. "The top couple of brands are all we really need," the buyer said. "That is, if we have enough other items, which we do. We're doing fairly well with polishes, waxes, filters, and other products that can be merchandised off pegboards."

Tom Evenson, GM manager at the Copps Corporation (Green Bay, Wis.), said the real decision on automotive sections is not how wide motor oil selections should be, but how many accessory products should be stocked. Copps carries only three national brands and one off-label brand of oil, but has moved heavily into auto accessories. "We've gotten into technical installation products such as sparkplugs and tune-up kits," Evenson said. "We've seen the market become very receptive to these items."

Much of the interest in automotives is closely tied to the current state of the economy. "Simply put, the prices in our supermarkets are much lower than in the service station," said Stan Cohen, director of general merchandise at Hughes Markets (Los Angeles). "The economy has forced everyone to cut corners and look for better prices—and supermarkets have that."

The automotive buyer for a New York chain agreed. "Why should a consumer pay almost double the amount for a can of oil at the gas station? We have good selections and I can think of a lot better ways for a consumer to spend that extra $.75 than on something overpriced."

SKYROCKETING PRICES AT SERVICE STATIONS and the convenience of one-stop shopping has made the climate right for a grocery bonanza in automotive products.

Seeking to lower their prices, service stations have actually supported automotive sales in supermarkets, although indirectly and unintentionally. "The service stations have been a big help to us in making consumers more receptive to buying from us," Cohen said. "They convinced people they could save money by pumping their own gas, and from that, it was easy to convince them they could save more money by buying their own oil."

Changing Sex Roles

The matter of changing sex roles is an important one to the success of an automotive department. Those stores seeing a heavy increase in male shoppers report an increase in the category. In addition, some buyers told SB that more and more automotive products are being purchased by women. In recent years, women's automotive purchases centered almost exclusively on motor oil and cosmetic accessories. During the past year, buyers report, installation and maintenance accessories were high on women's lists as well.

"We were initially concerned about how an automotive section would make out in a store where 80 to 90 percent of the customers were women," said Copps' Evenson. "Now we see a lot more men shopping and a lot more self-sufficient women."

Space allocation decisions have also been made, in part, with the sex of customers in mind. While Copps reported increases in space in many of its customers' stores, Hughes Markets has apparently reached the saturation point regarding space.

"We have automotive sections ranging from four to 12 feet," said Stan Cohen. "We don't see the section growing much larger than that. In order to increase the section's size, we'd have to bring in things like sparkplugs and repair items. Our customers are still overwhelmingly women and we don't think they're ready to undertake that."

Obviously, positive reaction to the category can lead to an increase in space designed for it. The GM buyer for a chain in Arizona said up to 20 feet is devoted to automotives in the chain's stores. "We've recently added about four feet to the section because of the positive responses we're getting," the buyer said.

The Florida chain now devotes 16 feet of space to automotives in its larger stores, while the New York chain operates with 12-foot sections. Only Harold's Rolland Helmling said space was being cut back. At the same time, however, he reported a 10 percent increase in sales.

All the buyers interviewed said seasonality had a great deal to do with automotive sales. Different auto needs during different times of the year make the category a "natural" for a wide range of promotions and special displays.

Emphasize Seasonal Promos

"We put a heavy emphasis on seasonal promotions," Tom Evenson said. "We want people to think "seasonal" when they think of their automotive sections." He said major seasonal promotions take place in the spring, utilizing a clean and fix theme, and in October, keying in on winterizing. "Seasonal sales are second only to motor oil as far as department movement is concerned," Evenson said.

Helmling told SB one of his late spring promotions included bringing an actual racing car into one of the stores and building an oil display around it.

The Arizona chain buyer said seasonal promotions work best when they feature events such as the Indianapolis 500 or other major sporting events that manufacturers of automotive products may be tied into.

Opinions on manufacturer promotional support vary, depending upon who one talks to. Dick Wilcox, director of GM at Fed-Mart (San Diego), said: "While we get a lot of support in the way of manufacturer's promotions, it's never enough. We could always use more." He said Fed-Mart advertises automotives generally through newspapers and also uses in-store displays.

Hughes Markets doesn't do very much at all in the way of manufacturers promotions, Stan Cohen said. "Most of what we do is at the individual store level. It's not done chain-wide and it doesn't come from manufacturers."

The Arizona store buyer said he's been taking advantage of a large number of manufacturer deals and other promotions. "We know manufacturers want to be in our stores. We're a great outlet for them," the buyer said. "You can't beat the traffic in a supermarket."

Manufacturers are responding to supermarket needs more and more, especially in the area of packaging. "The manufacturer is becoming more aggressive in dealing with the grocery industry," Evenson said. "Some are creating attractive and easy-to-use packages. Some are eliminating the use of cumbersome and difficult charts needed to determine exactly what auto part a shopper needs. Now, that information is being put right on the package."

Other manufacturer advances are in the form of releasing more and more products for supermarket distribution, and colorful packaging with UPC placement.

For most supermarkets, the key competition in automotives is the discount store. "We know we'll pull a lot of business away from gas stations," the Arizona chain buyer said. "So will the discount stores and the chain drugstores. They're our real competition. It's like three packs of animals all trying to feast on one carcass." ■

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PROFITABLE FACTS, TRENDS, IDEAS, PRODUCTS FOR THE GROCERY INDUSTRY

Supermarket Business

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Inside this issue . . .

• **Chain Boosts Coupon Redemption 75 + %—Page 4**

• **Decentralization Cuts DP Backlog—Page 32**

• **Festivals Help Produce Win 28% of Sales—Page 26**

October 1980

30 of 50 Top Chains Net 1% in '79

by Carol Fensholt, managing editor

NEW YORK CITY—The nation's top food store companies, buffeted by inflation, steadily increased their sales in 1979, but as a group lost headway on the profitability course.

Examination of the annual reports of 50 leading publicly owned companies (see table on page 24) shows that gross sales for the 50 firms rose 13.4 percent for fiscal 1979, from $75.9 billion to $86.1 billion last year.

See pages 23-25 for sales, earnings and profits tables

Net income for the companies was up 8.1 percent, from $773.3 million in fiscal 1978 to $826.2 million in 1979.

But the effect of inflation and several large losses revealed itself in the actual profits arena—net margin for the group slid from 1.02 percent to .97 percent. Even the nation's biggest chain, the international **Safeway Stores**, while increasing sales 9.3 percent to $13.7 billion, found its net profit eroded to 1.04 from the 1.16 percent it posted a year earlier.

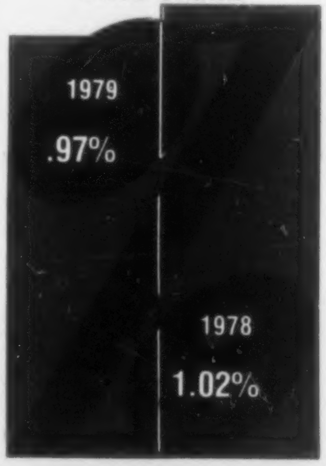
In fact, five of the 10 largest chains on the list—**Safeway**, **Lucky Stores**, **Winn-Dixie**, **American Stores** and **Albertson's**—all reported net margins lower than those they reported in 1978.

30 Post 1% or Higher

This year's average profit was whittled by the losses reported by several

■ *Continued on page 23*

Average Net Margin for 50 Top Publicly Owned Food Chains



SOURCE: *SUPERMARKET BUSINESS*

Coors
IDEAL MARKET
DON'T HURRY TO IDEAL MARKET JUST GET THERE

COMBINING BUSINESS WITH PLEASURE MAKES IDEAL MARKET MEMORABLE. Owner Larry McCord's off-hours hobbies—Percheron draft horses, antique auto restoration and a model railroad for the kids—were brought into his grocery business "just for fun" . . . and have made his store the talk of its Nebraska town. See page 31.

Super Valu Seminar Maps Scan Path for Stores

by Carol Fensholt, managing editor

HOPKINS, Minn.—The independent retailer contemplating his first scan system can often find the very notion overwhelming—fraught with excitement and gilt-edged promise, certainly . . . but presenting a plethora of perplexing problems:

"What will scanning really do for *me*? . . . Which system is best? . . . Who can advise me? . . . How do I begin? . . . What problems should I expect? . . . Is it all worth the trouble?"

And obvious places to turn for answers may not be practical:

Industry seminars? . . . Not specific enough to apply to the individual's unique situation.

A consultant? . . . Too costly.

Equipment suppliers? . . . Their opinions may be colored by eagerness to sell—or oversell—their own system.

To fill its retailers' need for practical information about scanning, Super Valu Stores, Inc. recently gave six months of concerted effort to creating a total "scanning package"—seminar and materials—designed to answer "situation-specific" questions for the retailer and provide him with a realistic road map to scanning.

Efforts were aided by five equipment suppliers, Data Terminal Systems, IBM, NCR, National Semiconductor and Sweda. Each manufacturer prepared a "vendor-specific" workshop and provided a full "live" scan system staffed with reps to explain and demonstrate its use to Super Valu retailers.

The resulting three-day seminar, held in late July and attended by 124 Super Valu retailers, headquarters and division executives and suppliers,

■ *Continued on page 8*

Growth of Key Markets, Good Profits Spur Revitalization of HBA Sections

by Robert D. Rauch, assistant editor

LAS VEGAS—Revitalization of several key product categories, plus greater retailer awareness of the importance of health and beauty aids to supermarket profits will help make HBA one of the fastest-growing food store departments in the coming months.

Introduction of new products is expected to continue apace, with most of the action in shampoos and hair conditioners, analgesics, cold remedies and feminine hygiene items.

Rising sales of cosmetics, diet aids, disposable razors and ethnic products will also put the blush on health and beauty aid sales in supermarkets.

That's the prognosis of 10 leading service merchandising company executives interviewed by SUPERMARKET BUSINESS during and after the National Association of Service Merchandising (NASM) convention held here recently.

The NASM distributors also revealed their most successful products and offered their views on the future of HBA in grocery stores.

By far the most frequently men-

■ *Continued on page 18*

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Vol. 35 No. 10 A FIELDMARK PUBLICATION OCTOBER, 1980

In this issue...

Food

Outdoor Produce Festivals Help Reasor's Increase Distribution by 4 to 5 Times 26

Generic Coffee, Tea Popular in Depressed Economy, But Name Brands Hold 29

General Merchandise

Growth of Key Markets, Healthy Profits Spur Revitalization of HBA Sections 1

In Cross Merchandising, The Unexpected Tie-in of Food, Nonfood Triggers Sales 14

Operations

Super Valu Seminar Maps Stores' Scan Path, Takes Confusion Out of System Set-Up 1

30 of 50 Top Chains Net 1% in 1979; Inflation, Some Large Losses Hurt Profits 1

Coupon Redemption Up 76.3% at Tom Thumb; Chain Reacts With Consumer Coupon Center 4

'Depot Within Store' Moves Cases at 8% Above Chain's Wholesale Cost 6

Minyard Loss Prevention Reduces Shrink, Lowers Internal, External Theft 10

Model Train Adds Playfulness to Independent's Merchandising Tactics 31

Regular Columns

Meeting the Technology Challenge 32

Profitable Store Engineering 34

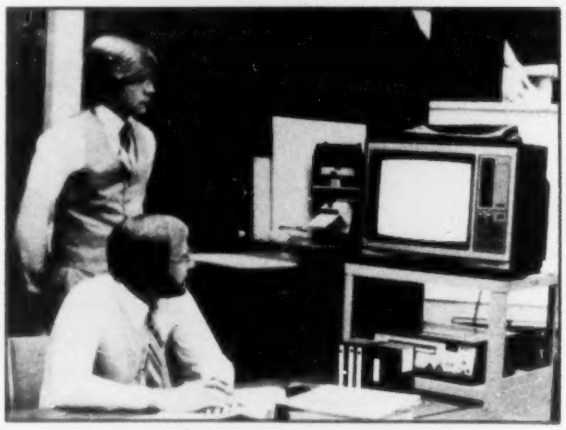
Speaking About Meat 36

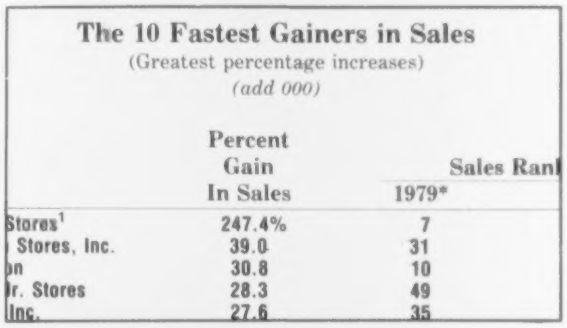
Effective Training 38

New Products 40

Executive Changes 45

Calendar 46





The 10 Fastest Gainers in Sales

(Greatest percentage increases)

(add 000)

	Percent Gain In Sales	Sales Ran
		1979*
Stores[1]	247.4%	7
Stores, Inc.	39.0	31
n	30.8	10
r. Stores	28.3	49
Inc.	27.6	35

CONSUMER CENTER

Publisher's View

A message to our readers

From: Jeff Schaeffer, Publisher

When a magazine changes ownership, like a supermarket, very often it develops a new personality. In the months to come you will see changes in SUPERMARKET BUSINESS which are the result of its acquisition by our company, Fieldmark Media. We think it is important that you, our reader, know about our plans for SUPERMARKET BUSINESS since it is for you that our magazine is written.

We acquired SUPERMARKET BUSINESS with the conviction that a market of this size and importance should have the broadest possible base of information. By helping to expand knowledge and to stimulate fresh thinking, we believe SUPERMARKET BUSINESS will add real value to the marketplace, and most important, fulfill its commitment to helping you do business.

I have spent 16 years exclusively in grocery trade publishing, the last eight of them as Chief Operating Officer of the *Progressive Grocer* Company. Joining me at SUPERMARKET BUSINESS as editor is Ken Partch. Ken has over 20 years of experience in the trade and was formerly chief editor of both *Chain Store Age* and *Food Topics*, predecessor to SUPERMARKET BUSINESS.

While we have developed a new direction, which will become apparent in forthcoming issues, SUPERMARKET BUSINESS will continue to bring you useful ideas and information, and practical, problem-solving techniques which can be used to deal with today's challenges. Our interpretation and analysis of issues and trends, like our research, will have a practical orientation.

When you see *what* we are doing, please tell us *how* we are doing. Expect a lot from us. We expect a lot from ourselves. ■

Supermarket Business

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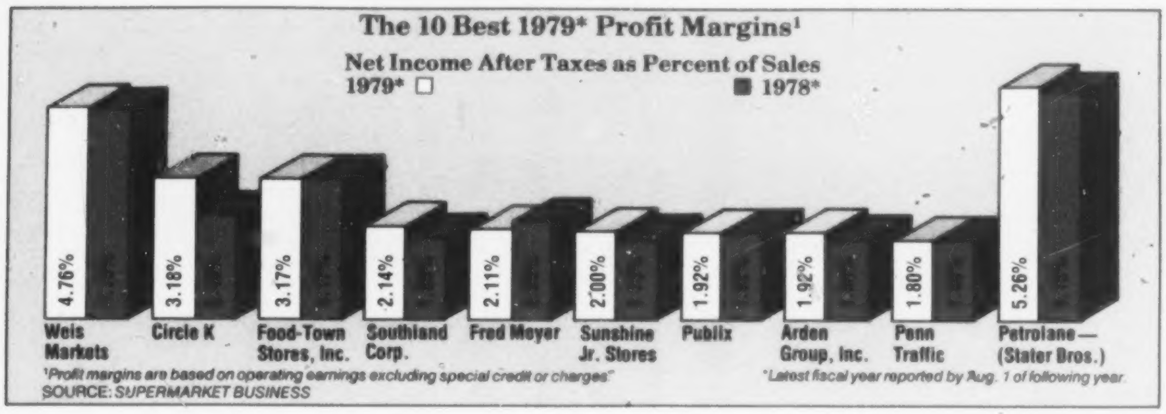
More Top Chains Increase Net Margin to 1% and Up



The 10 Best 1979* Profit Margins[1]

Net Income After Taxes as Percent of Sales

[1]Profit margins are based on operating earnings excluding special credit or charges"

SOURCE: *SUPERMARKET BUSINESS*

*Latest fiscal year reported by Aug. 1 of following year.

■ *Continued from page 1*

heavyweight chains—**A&P, Food Fair, Fisher Foods** and **Shop Rite Foods**—as well as by others' profit declines.

But for many firms, efforts to improve productivity, cut costs and streamline operations appear to be yielding some encouraging results: Thirty of the 50 chains studied posted margins of one percent or better for fiscal 1979.

To put this in perspective, last year's 50 Top Chains report found 28 of the firms studied reporting nets above one percent; the previous year, only 19 of the 50 broke this barrier.

The highest profit margin of this year's group—an enviable 5.26 percent—was reported by **Petrolane,** operating 82 **Stater Bros.** supermarkets headquartered in Colton, California. (See "*10 Best Profit Margins*" chart, this page.)

However, to be fair it must be noted that more than half of Petrolane's 1979 sales came from its oil and gas operations . . . and, as everyone knows, energy has been a good business to be on the seller's side of lately. In fact, Petrolane's annual report makes no mention of its grocery subsidiary, instead lumping its sales under the heading, "Consumer Products."

Another interesting, if predictable, conclusion one can draw by a glance at the "*10 Best Margins*" chart is that convenience, possibly even at the expense of higher prices, continues to grow in importance: Three of the 10

■ *Continued on page 25*

The 10 Fastest Gainers in Sales

(Greatest percentage increases)

(add 000)

Chain	Percent Gain In Sales	Sales Rank	
		1979*	1978*
American Stores[1]	247.4%	7	6
Food Town Stores, Inc.	39.0	31	32
Grand Union	30.8	10	10
Sunshine Jr. Stores	28.3	49	50
Shopwell, Inc.	27.6	35	37
Southland Corp.	25.4	6	8
Lucky Stores	24.8	4	5
A.J. Bayless	23.0	38	38
Circle K	21.6	26	25
Petrolane (Stater Bros.)	21.6	19	**

[1]Includes results of former American Stores Co. from date of merger on July 26, 1979 with Skaggs Companies, Inc. The company changed its fiscal year to the Saturday closest to January 31.

*Latest fiscal year reported by Aug. 1 of following year.

**Not shown on 1979 listing.

The 10 Biggest Gainers in Sales

(Greatest dollar increases)

(add 000)

Chain	Sales		Increase in Sales
	1979*	1978*	
American Stores[1]	$ 3,786,332	$ 1,089,909	$2,696,423
Kroger Co.	9,029,315	7,828,071	1,201,244
Safeway Stores	13,717,861	12,550,569	1,167,292
Lucky Stores	5,815,927	4,658,409	1,157,518
Southland Corp.	3,876,059	3,090,094	785,965
Grand Union	3,137,612	2,398,944	738,668
Winn-Dixie Stores	5,388,979	4,930,538	458,441
Albertson's	2,673,848	2,268,970	404,878
Supermarkets General	2,372,574	2,061,873	310,701
Dillon Co.	2,077,265	1,792,217	285,048

*Latest year reported by Aug. 1 of following year.

[1]Includes results of former American Stores Co. from date of merger on July 26, 1979 with Skaggs Companies, Inc. The Company changed its fiscal year to the Saturday closest to January 31.

The 10 Fastest Gainers in Earnings

(Greatest percentage increases)

(add 000)

Chain[1]	Percent Gain in Earnings	Earnings Rank		Sales Rank
		1979*	1978*	1979*
American Stores[2]	77.4%	8	8	7
Thorofare	71.4	41	45	46
Thriftimart, Inc.	60.7	25	26	29
Circle K	58.7	17	18	26
First National Stores	58.6	27	32	17
Schultz Sav-O-Stores	48.0	39	42	41
Sunshine Jr. Stores	48.0	35	41	49
Southland Corp.	45.6	5	5	6
Star Supermarkets	45.5	32	37	42
Seaway Foodtown	43.1	28	31	37

[1]Latest fiscal year reported by Aug. 1 of following year.

*Includes only those companies with no reported losses in either year.

[2]Includes results of former American Stores Co. from date of merger on July 26, 1979 with Skaggs Companies, Inc. The company changed its fiscal year to the Saturday closest to January 31.

The 10 Biggest Gainers in Earnings

Greatest dollar increases

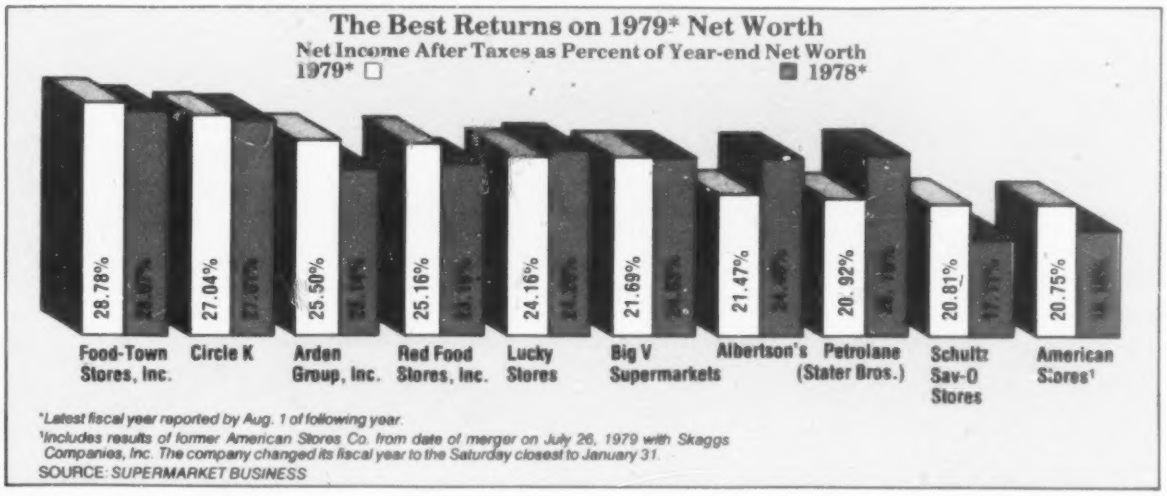
(add 000)

Chain[1]	Earnings		Net Increase in Earnings
	1979*	1978*	
Southland Corp.	$ 83,141	$57,097	$26,044
Kroger Co.	105,516	84,596	20,920
American Stores[2]	44,434	25,043	19,391
Lucky Stores	98,094	80,400	17,694
Petrolane (Stater Bros.)	60,217	48,414	11,803
Jewel Companies	50,686	41,142	9,544
Grand Union	30,669	21,863	8,806
Circle K	16,948	10,678	6,270
Publix	37,068	32,113	4,955
Weis Markets	28,880	24,582	4,298

*Latest year reported by Aug. 1 of following year.

[1]Includes only those companies with no reported losses in either year.

[2]Includes results of former American Stores Co. from date of merger on July 26, 1979 with Skaggs Companies, Inc. The Company changed its fiscal year to the Saturday closest to January 31.



The Best Returns on 1979* Net Worth

Net Income After Taxes as Percent of Year-end Net Worth

*Latest fiscal year reported by Aug. 1 of following year.

[1]Includes results of former American Stores Co. from date of merger on July 26, 1979 with Skaggs Companies, Inc. The company changed its fiscal year to the Saturday closest to January 31.

SOURCE: *SUPERMARKET BUSINESS*

Sales and Net Income of 50 Top Publicly Owned Food Chains

Ranked by Sales Volume

RANK '79	'78	COMPANY	Fiscal Year	Sales (add 000) 1979*	1978*	% Change	Net Income (add 000) 1979*	1978*	Net Change (add 000)	% Change	Number of Grocery Stores Operated 1979*	1978*
(1)	(1)	Safeway Stores	12/29/79	$13,717,861	$12,550,569	+ 9.3%	$ 143,323	$146,118	$ − 2,795	− 1.9%	2,426	2,455
(2)	(2)	Kroger Co.	12/29/79	9,029,316	7,828,071	+ 15.3	105,516	84,596	20,920	+ 24.7	1,234	1,202
(3)	(3)	A & P	2/23/80	6,684,179	7,469,659	− 10.5	− 3,807	− 52,186	48,379	UP	1,542	1,771
(4)	(5)	Lucky Stores	2/3/80	5,815,927	4,658,409	+ 24.8	98,094	80,490	17,604	+ 22.0	1,472	1,317
(5)	(4)	Winn-Dixie	6/25/80	5,388,979	4,930,638	+ 9.3	91,950	94,462	− 2,512	− 2.7	1,192	1,174
(6)	(8)	Southland Corp.¹	12/31/79	3,876,069	3,090,094	+ 25.4	83,141	57,097	26,044	+ 45.6	6,920¹	2,708
(7)	(6)	American Stores²	2/2/80	3,786,332	1,089,909	+ 247.4	44,434	25,043	19,391	+ 77.4	1,100	760
(8)	(7)	Jewel Companies	2/2/80	3,764,286	3,516,352	+ 7.1	50,686	41,142	9,544	+ 23.2	357	364
(9)	(10)	Grand Union	3/29/80	3,137,612	2,398,944	+ 30.8	30,669	21,863	8,806	+ 40.3	776	640
(10)	(11)	Albertson's	1/31/80	2,673,548	2,268,970	+ 17.8	38,323	36,421	1,902	+ 5.2	384	395
(11)	(12)	Supermarkets General	2/2/80	2,372,574	2,061,873	+ 15.1	23,460	20,637	2,823	+ 13.7	114	109
(12)	(13)	Dillon Co.	6/28/80	2,077,265	1,792,217	+ 15.9	27,397	33,586	− 6,189	− 18.4	212	205
(13)	(15)	Publix	12/29/79	1,933,820	1,672,229	+ 15.6	37,068	32,113	4,955	+ 15.4	231	220
(14)	(14)	Stop & Shop Co.	2/2/80	1,878,864	1,762,144	+ 6.6	14,948	16,021	− 1,073	− 6.7	151	157
(15)	(9)	Food Fair Stores³	7/28/79	1,487,270	2,414,665	− 38.4	− 211,079	− 92,223	− 118,856	DOWN	203	442
(16)	(17)	First National Supermarkets	3/29/80	1,364,797	1,239,083	+ 10.1	5,253	3,312	1,941	+ 58.6	247	274
(17)	(16)	Fisher Foods	12/29/79	1,336,293	1,451,676	− 7.9	− 6,989	9,829	− 16,818	DOWN	150	158
(18)	(18)	Giant Food	2/23/80	1,242,620	1,080,842	+ 15.0	17,859	16,957	902	+ 5.3	121	117
(19)	(..)	Petrolane (Stater Bros.)	9/30/79	1,143,938	940,827	+ 21.6	60,217	48,414	11,803	+ 24.4	82	75
(20)	(19)	Waldbaum's	12/29/79	1,103,443	941,479	+ 17.2	7,827	7,016	811	+ 11.6	136	129
(21)	(20)	Fred Meyer	12/29/79	1,060,203	927,110	+ 14.4	22,380	20,881	1,499	+ 7.2	63	62
(22)	(21)	National Tea	12/29/79	1,045,696	918,635	+ 13.8	13,133	12,102	1,031	+ 8.5	238	274
(23)	(..)	Borman's, Inc.⁴	1/26/80	905,376	783,939	+ 15.5	467	2,120	− 1,653	− 87.3	82	80
(24)	(22)	Cullum Co.	6/28/80	864,974	782,520	+ 10.5	11,290	9,406	1,884	+ 20.0	132	129
(25)	(23)	Weis Markets	12/29/79	606,346	518,003	+ 17.1	28,880	24,582	4,298	+ 17.5	106	101
(26)	(25)	Circle K	4/30/80	533,103	438,559	+ 21.5	16,948	10,678	6,270	+ 58.7	1,200	1,158
(27)	(24)	Niagara Frontier Service	6/28/80	500,000(e)	464,139	+ 7.7	8,900(e)	8,689	211	+ 2.4	115	103
(28)	(28)	Marsh Supermarkets	3/29/80	447,436	391,963	+ 14.2	4,019	3,642	377	+ 10.4	205	195
(29)	(30)	Thriftimart, Inc.	3/30/80	431,872	368,136	+ 17.3	7,213	4,488	2,725	+ 60.7	43	43
(30)	(27)	Arden Group, Inc.⁵	12/29/79	425,853	398,333	+ 6.9	8,174	7,186	988	+ 13.7	106	106
(31)	(32)	Food Town Stores, Inc.⁶	12/29/79	415,974	299,267	+ 39.0	13,171	9,481	3,690	+ 38.9	85	69
(32)	(29)	Foodarama	11/3/79	413,016	376,144	+ 9.8	780	2,162	− 1,382	− 63.9	44	41
(33)	(31)	Penn Traffic	2/2/80	375,573	330,225	+ 13.7	6,463	5,933	530	+ 8.9	67	64
(34)	(34)	Big V Supermarket	12/30/79	357,984	295,111	+ 21.3	4,704	4,214	490	+ 11.6	26	24
(35)	(37)	Shopwell, Inc.	12/29/79	346,486	271,568	+ 27.6	1,060	745	315	+ 42.3	69	75
(36)	(33)	Pueblo International	1/26/80	330,773	296,170	+ 11.7	4,033	3,975	58	+ 1.5	41	40
(37)	(35)	Seaway Foodtown	8/29/79	325,857	285,215	+ 14.2	4,757	3,325	1,432	+ 43.1	53	51
(38)	(38)	A. J. Bayless	12/29/79	319,837	260,088	+ 23.0	2,193	2,583	− 390	− 15.1	58	58
(39)	(36)	King Kullen	9/29/79	318,364	281,039	+ 13.3	1,843	1,952	− 109	− 5.6	53	50
(40)	(39)	Munford, Inc.	1/3/80	292,367	260,032	+ 12.4	2,309	− 1,187	3,496	UP	1,184	1,211
(41)	(42)	Schultz Sav-O Stores	12/29/79	261,951	219,373	+ 19.4	1,871	1,264	607	+ 48.0	36	35
(42)	(41)	Star Supermarkets	12/29/79	248,904	228,282	+ 9.0	3,135	2,154	981	+ 45.5	41	40
(43)	(40)	Victory Markets	12/29/79	241,814	228,584	+ 5.7	1,037	1,120	− 83	− 7.4	66	64
(44)	(43)	Mott's Supermarkets	12/29/79	234,792	211,233	+ 11.2	2,888	2,787	101	+ 3.6	24	23
(45)	(44)	Village Supermarkets	7/28/79	232,165	206,318	+ 12.5	1,004	1,141	− 137	− 12.0	20	22
(46)	(45)	Thorofare	7/28/79	218,348	200,908	+ 8.7	1,411	823	588	+ 71.4	59	59
(47)	(47)	Red Food Stores, Inc.	6/2/79	206,144	173,695	+ 18.7	3,073	2,228	845	+ 37.9	34	32
(48)	(49)	Laneco, Inc.	9/29/79	140,933	116,872	+ 20.6	2,195	1,692	503	+ 29.7	23	18
(49)	(50)	Sunshine Jr. Stores	12/31/79	120,072	93,553	+ 28.3	2,400	1,622	778	+ 48.0	343	323
(50)	(46)	Shop Rite Foods	12/29/79	93,266	180,703	− 48.4	− 3,819	− 9,105	5,286	UP	34	64
		TOTAL		$86,130,443	$75,964,270	+ 13.4%	$ 836,202	$ 773,301	$62,901	+ 8.1%	23,719	23,379

* Latest fiscal year reported by Aug. 1 of following year

(..) Not shown on 1979 listing

[1] Number of stores includes 7-Eleven and Gristedes only

[2] Includes results of former American Stores Co. from date of merger on July 26, 1979 with Skaggs Companies, Inc. The Company changed its fiscal year to the Saturday closest to January 31.

[3] Debtor in possession

[4] Income before extraordinary items

(e) 1979 estimated

[5] For Market Operations only

[6] Income before extraordinary gain

Collection of data and statistical compilation by Marianne Faybik

■ *Continued from page 23*

companies on this list operate convenience stores primarily.

These companies are **Circle K** (Phoenix), **Southland Corp.** (Dallas) and **Sunshine-Jr. Stores** (Panama City, Fla).

Further evidence of the convenience factor's importance is found on the list of 1979's *"10 Fastest Earnings Gainers:"* All convenience store chains named above appear on this list.

In fact, only Southland, fifth on last year's *"Earnings Gainers"* list, reappears on the same list this year . . . which perhaps is just as illustrative of the difficulty grocery companies have sailing a steady course in today's rolling economic seas.

Leading 1979's *"Fastest Earnings Gainers"* list is **American Stores,** reporting a 77.4-percent earnings leap.

This figure, of course, reflects the company's merger with Skaggs Companies, Inc. American Stores' whopping 247.4-percent sales increase, which catapults it to the top of the *"10 Fastest Sales Gainers"* list as well, is also attributable to the merger.

Unfortunately, while more chains had a better year in 1979, more also had a worse one—SB's list of *"Earnings Decliners"* among the 50 top chains studied has grown from five companies in 1978 to 12 for 1979.

Food Fair Stores achieved the dubious distinction of heading up the list for the second year in a row. Its 1979 loss was $211 million, following a $92-million loss for fiscal 1978.

Also performing an encore this year is **Foodarama,** scraping by with earnings of just $780,000, a drop of more than $1.3 million from its 1978 earnings figure of $2.1 million.

Two Take Roller Coaster

Riding the roller coaster in the past two years were **Fisher Foods** and **Victory Markets.**

Fisher Foods, second on last year's *"Earnings Gainers"* list with a spectacular 124.1 percent rise, is now second on the list of *"Earnings Decliners,"* with an equally spectacular nosedive from earnings of $9.8 million in 1978 to a $6.9-million loss for 1979.

The explanation for this wild swing can be found in the profitable sale of Fisher's California operations, reflected in 1978 figures; followed by heavy 1979 losses due to cutbacks and closings of Fazio's stores in Ohio.

An abortive entry into the box store arena further hurt Fisher's 1979 profit picture: Twenty-two unprofitable supermarkets were converted to warehouse stores, but the chain was unable to turn them around in their markets, and has since closed most of them.

Victory Markets, first on the *"Earnings Gainers"* list last year with a 578.8-percent increase, is now last on this year's *"Earnings Decliners"* list with a drop of $83,000 from earnings of $1.12 million in 1978 to $1.3 million in 1979.

All in all, however, a mood of optimism prevails among the 50 top chains studied for this year's report; their store growth trend compared to the industry's overall decline is one measure of this:

The total number of grocery stores in the U.S. continues its steady slide, dropping by 3,092 stores in 1979 (from 177,522 units in 1978 to 174,430 in 1979), reports SB's 33rd annual Consumer Expenditures Study (CES), published in last month's issue.

But the 50 top chains studied expanded their total number of stores operated by 340, from 23,379 units in 1978 to 23,719 in 1979.

Finally, the 50 top chains continue to post a collective sales increase considerably above the national grocery store sales growth figure:

Sales for the chains included in this report, again, rose 13.4 percent in fiscal 1979. By contrast, total grocery store sales for the U.S. rose just 10.5 percent for the same period—which, when inflation is factored in, translates to an actual tonnage loss.

Conclusion? For now at least, success in grocery retailing belongs to the aggressive, responsive company with the resources to prevail and prosper in troublesome economic weather . . . and to the company which, lacking the resources, substitutes financial, operational and merchandising resourcefulness. ■

The 12 Decliners in Earnings

Chain	Earnings or Losses (000) 1979*	1978*	Net Decline in Earnings (000)
Food Fair Stores	$–211,079	$–92,223	$–118,856
Fisher Foods	– 6,589	9,829	– 16,418
Dillon Co.	27,387	33,596	– 6,209
Safeway Stores	143,323	146,118	– 2,795
Winn-Dixie Stores	91,950	94,462	– 2,512
Borman's, Inc.	467	2,126	– 1,659
Foodarama	780	2,162	– 1,382
Stop & Shop Co.	14,948	16,021	– 1,073
A.J. Bayless	2,193	2,588	– 395
Village Supermarkets	1,004	1,141	– 137
King Kullen	1,043	1,212	– 169
Victory Markets	1,037	1,120	– 83

*Latest fiscal year reported by Aug 1 of following year.

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